

December 2015

**2015-12-11**

Board of Regents, Murray State University

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**Minutes of the Quarterly Board of Regents Meeting and Committee Meetings  
Murray State University  
December 11, 2015**

**Call to Order/Roll Call**

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, December 11, 2015, in Quarterly and Committee Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Harry Lee Waterfield II called the meeting to order at 8:30 a.m. and welcomed those present.

The roll was called and the following members were present: Clinton Combs, Sharon Green, Susan Guess, Martin Jacobs, Daniel Kemp, Jerry Rhoads, Phil Schooley, Jenny Sewell, Jerry Sue Thornton, Harry Lee Waterfield II and Stephen Williams. Absent: none.

Others present were: Robert O. Davies, President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Tim Todd, Interim Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for Marketing and Outreach; Bob Pervine, Associate Provost for Graduate Education and Research; Renae Duncan, Associate Provost for Undergraduate Education; Brian Van Horn, Associate Provost for Regional Academic Outreach; Bob Jackson, President, MSU Foundation; Allen Ward, Athletic Director; Fred Dietz, Associate Vice President for Enrollment Management; Renee Fister, Senior Presidential Advisor for Strategic Initiatives; John Rall, General Counsel; David Burdette, Interim Chief Facilities Officer; Michelle Saxon, Internal Auditor; and members of the faculty, staff, students, news media and visitors.

**AGENDA**

**Roll Call**

**Secretary Hunt**

**Minutes of the Special Board of Regents Meeting – Annual Advance – and Minutes of the Special Board of Regents Meeting – Ad Hoc Presidential Compensation Review Committee – on August 27, 2015 and Minutes of the Quarterly Meeting and Committee Meetings on August 28, 2015\***

**Public Participation**

**Report of the Chair**

**Chair Waterfield**

**Report of the President**

**President Davies**

**Report of the Constituency Regents**

**Regent Jacobs  
Regent Schooley  
Regent Combs**

**Report of the Treasurer\***

**(Quarterly Financial and Investment Reports)**

**Vice President Dudley**

**Report of the Registrar\***

**(August and December 2015 Conferral of Degrees)**

**President Davies**

**Public Safety and Emergency Management Update  
**(For Information Only)****

**Int. Chief Roy Dunaway**

**Strategic Plan Update (For Information Only)**

**Drs. Renee Fister  
Tim Todd  
Bob Jackson**

**Risk Management Update (For Information Only)**

**Vice President Dudley**

**First-time Freshmen Tuition/Scholarship Model Update  
**(For Information Only)****

**Vice President Dudley**

**Board of Regents – Roles, Duties and Responsibilities  
**(For Information Only)****

**President Davies**

**Board of Regents – Self-Assessment Project (For Information Only)**      **Dist. Prof-Kellogg  
Bob Long**

**Closed Session**

**Chair Waterfield**

- A.      Pending/Proposed Litigation**
- B.      Future Acquisition or Sale of Real Property**

**Committee Reports/Recommendations**

**Regent Thornton**

- A.      Academic Excellence and Scholarly Activities**
  - 1)      Academic Program Reaccreditations Update (For Information Only)**
  - 2)      Academic Program Name Change – Undergraduate Research and Scholarly Activities Program to Office for Research and Creative Activity (For Information Only)**
  - 3)      Academic Programs Update (For Information Only)**
  - 4)      Department Chair Appointments (For Information Only)**
  
- B.      Audit and Compliance**      **Regent Kemp**
  - 1)      Audited Financial Statements – General\***
    - a.      Presentation of Results of the Annual Audit Report (includes Representation Letter)**
    - b.      Auditor Communications**
    - c.      Independence/Peer Review Letter**
    - d.      House Bill 622 Compliance Report for the Year Ended June 30, 2015**
    - e.      Kentucky Lease Law Compliance Report for the Year Ended June 30, 2015**
    - f.      General Financial Statements for the Year Ended June 30, 2015**
  - 2)      Audited Financial Statement – Federal Funds (A-133)\***
    - a.      U.S. Office of Management and Budget Circular A-133 for the Year Ended June 30, 2015**
  - 3)      Annual Audit Report – Athletic\***
    - a.      National Collegiate Athletic Association Independent Accountant’s Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2015**
  - 4)      Audited Financial Statement – WKMS-FM\***
    - a.      Auditor Communications**
    - b.      Audited Financial Statement for the Year Ended June 30, 2015**
  
- C.      Buildings and Grounds**      **Regent Green**
  - 1)      Major Projects Update (For Information Only)**
  - 2)      Campus Master Plan – Land Acquisitions Report\***
  - 3)      Disposition of Equine Center Student Residence (Building #0241)\***
  - 4)      Winslow Dining Hall Renovations – Program Statement\***
  
- D.      Enrollment Management and Student Success**      **Regent Sewell**
  - 1)      Fall 2015 Enrollment Report (For Information Only)**
  
- E.      Finance**      **Regent Williams**
  - 1)      State Endowment Match Program Annual Report\***
  - 2)      Authorization for Issuance of General Receipts Refunding Bonds (2016 Series A)\***
  - 3)      Personal Services Contracts\***
  - 4)      Personal Services Contracts – Schedule of Expenditures (For Information Only)**
  - 5)      Banking Collateralization Procedure\***
  - 6)      Facilities and Technology Projects Fund Designation\***
  
- F.      Legislative and Economic Development**      **Regent Rhoads**
  - 1)      Legislative and Economic Development Update (For Information Only)**
  
- G.      Marketing and Community Engagement**      **Regent Guess**
  - 1)      Naming Opportunity – *Kate B. Lochte Transmission and Operations Center*\***
  - 2)      Marketing and Outreach Update (For Information Only)**
  - 3)      Murray State University Foundation, Inc. Update (For Information Only)**
  
- H.      Ad Hoc Presidential Compensation Review\***      **Chair Waterfield**
  - 1)      Contract of Employment Revision – Dr. Robert O. Davies**

**NOTE: Full Board action will follow Committee action.**

**Policy Changes\*****President Davies**

- A. *Board of Regents Policy Manual (Section 2.24) – Sexual Violence and Misconduct, Relationship Violence and Stalking and (Section 5.7) – Disciplinary Proceedings and Personnel Policies and Procedures Manual (Section VI B) – Reporting Allegations of Discrimination and Discrimination Grievance Procedures*
- B. *Personnel Policies and Procedures Manual (Section V K) – Education Tuition Waivers Revision*

**Personnel Changes\*****President Davies**

- A. **Two-Year Faculty Transitional Retirement Contracts**
- B. **Staff Leaves of Absence Without Pay**

**University Appeals Board Appointments\*****President Davies****2015-16 NCAA/OVC Governing Board Certification****Regent Schooley****Supplemental Materials (For Information Only)**

- A. *News Beyond Campus*
- B. **Campus Major Projects Update – Quarterly Status Report**
- C. **Sponsored Programs – Grants and Contracts Report**

**Other Business****Adjournment****(\*Requires Board of Regents Action)****Minutes of the Special Board of Regents Meeting – Annual Advance – and Minutes of the Special Board of Regents Meeting – Ad Hoc Presidential Compensation Review Committee – on August 27, 2015, and Minutes of the Board of Regents Quarterly Meeting and Committee Meetings on August 28, 2015, approved**

Mr. Williams moved that the Minutes of the Special Board of Regents Meeting – Annual Advance – and Minutes of the Special Board of Regents Meeting – Ad Hoc Presidential Compensation Review Committee – on August 27, 2015, and Minutes of the Board of Regents Quarterly Meeting and Committee Meetings on August 28, 2015, be approved as submitted. Mrs. Guess seconded and the motion carried unanimously.

**Public Participation**

Chair Waterfield reported there were no signees for the Public Participation portion of the meeting.

**Report of the Chair, received**

Chair Waterfield complimented Dr. Davies for his outstanding first State-of-the-University Address last month. The message delivered was powerful and widely distributed. This will likely become an annual event where the President outlines plans for the University moving forward.

Scholarships are critical to Murray State and Chair Waterfield has viewed advance copies of several videos which have been made where recipients of various scholarships are providing comments and thanking the sponsor of their respective scholarship, making sure they know how much the scholarship means to them and has enabled them to receive an education. This is a great initiative which will be shared with donors and alumni, among others, and represents an excellent tool to stress to donors their importance to this University.

A recent story contained within Racer Nation Information indicated that the Murray State Foundation was named as a beneficiary of a donation in honor of former Basketball Coach Cal Luther. Alumnus Walter J. Moore Jr. was a former manager for Coach Luther during his tenure at the University. Mr. Moore had a learning disability but was coached and cared for by Coach Luther and others. Mr. Moore recently passed away but left his estate to the University to be used for scholarships for undergraduate and graduate student managers for the Men's Basketball

Team. The *Walter J. Moore Jr. Endowed Scholarship* represents a lasting legacy that honors Mr. Moore and Coach Luther.

### **Report of the President, received**

Dr. Davies reported the following:

- Over the past year a great deal of discussion has occurred on rigor, relevance and excellence and how those three elements are inter-related at Murray State.
- **Excellence**
  - There are several moments on a college or university campus when one must get excited and the University is currently at one of those moments. During Commencement exercises tomorrow 1,156 diplomas will be granted. Everything faculty and staff and this Board does helps to ensure that those 1,156 graduates are well prepared to thrive in their chosen careers and in serving their communities and making a difference.
  - Since the last Board meeting *U.S. News and World Report* rankings have been released and Murray State is ranked 9<sup>th</sup> among public universities in the south, marking 25 years of being ranked as a leading university. More importantly, this year Murray State was tied for 6<sup>th</sup> by *U.S. News* rankings for undergraduate teaching and the University's commitment to that endeavor. Other universities that were tied with or above Murray State in this category have one common denominator – they are small, private liberal arts universities that charge in the neighborhood of \$50,000 in tuition. To be placed within that arena and compared to other institutions at that high level speaks to the University's commitment to its 1,156 graduates.
  - Murray State has again been recognized by *Military Times* for being one of the top universities in the Commonwealth for support of veterans.
  - Council on Postsecondary Education (CPE) performance funding discussions are underway. Each university was provided with an opportunity to put forward one of their own ideas of an institutional performance metric. Murray State undertook this work in earnest to think in terms of how this institution is different from others and identified a commitment to service learning as its performance metric. Information on how many students would participate in a service learning component was also provided and includes traditional classroom instruction with real-world experiences, gaining cultural competencies and opportunities to explore and make a significant difference within the community. This is what separates the 1,156 Murray State graduates from graduates of other institutions moving forward.
  - This past semester the departments of Theatre and Music combined for the “Curtains” musical which represented a phenomenal demonstration of the talents of Murray State faculty, staff and students. An estimated 113 individual students were involved in this single production, as well as 47 faculty and staff and the production has received excellent reviews. Last night Sigma Alpha Iota caroled at the Board of Regents Holiday dinner. Regent Sewell who was also a member of Sigma Alpha Iota joined in the performance.
  - Ohio Valley Conference championships were earned by the Soccer and Volleyball teams. This presented amazing opportunities for the players and the Soccer Team won their tournament. The average grade point average for the Volleyball Team is 3.16 and for the Soccer Team is 3.3. These players are not only champions on the field and on the court but, more importantly, in the classroom.
  - The search for a permanent Provost and Vice President for Academic Affairs is underway, with the search for a new Dean of the College of Humanities and Fine Arts to immediately follow.
- **Relevance**
  - This year marks the 60<sup>th</sup> Anniversary of Integration (desegregation) and has presented an opportunity for faculty, staff, students and the Murray community to become engaged in the process – especially in light of what is occurring at some other universities. One key event was *Reflections from the Past* where retired African American faculty shared their stories about how they went through this process at Murray State University. This event was attended by nearly 200 individuals. Renee Shaw with Kentucky Educational Television also hosted a panel discussion with State Representative Derrick Graham and State Senator Reggie Thomas on this very issue.
  - This year's Presidential Lecture Keynote Speaker is Martin Luther King III and the event will be held at 8 p.m. on Monday, February 8, 2016, in either Lovett Auditorium or the CFSB Center. Work is underway to reach out to high schools across the region and in Louisville to invite them to bring students to the event. Work is also taking place to allow for each of the regional campuses to bring students to campus via bus to participate. This will represent a hallmark event for this institution.
  - The Murray State Social Work Human Diversity classes (SWK 225) at the regional and main campuses have put together an amazing history and compilation of integration here in Kentucky. The students are taking the facts and figures of events which occurred and bringing those into context through personal actualization.
  - The *Racer Oral Communications Center* is located in Waterfield Library and is a unique center for Murray State. Help is available to students for speeches, presentations, etc. This year there

were 425 contacts which is nearly 35 percent above the previous year. Also, 546 students completed different appointments or consultations and an additional 232 students participated in team presentations. The University really is about communication and this represents an overt way that Murray State is making sure this work occurs. In total, the figures presented represent a 57 percent increase in student utilization year over year making this a very robust program.

- This past month the University unveiled the *Voice and Swallowing Clinic* in the College of Education and Human Services. This represents a clinic which provides over 400 practicum hours for students and, more importantly for the connection to community, on a weekly basis over 122 individuals will participate in this clinic to receive assistance with their issues. A picture can be taken of a person's vocal cords and this can be done through the mouth or by inserting a tube through the nose.
- On October 22, 2015, Murray State hosted the legislative Appropriations and Revenue Committee. This represented an important opportunity to bring legislators to campus and for many it was the first time they had visited Murray State. The legislators toured facilities on campus and many remarked on how well the University maintains the campus and stated it has been an excellent steward of public funds that have been granted to the institution. More importantly, this also provided an opportunity for Murray State students and community members to participate in and see firsthand this important process.

➤ **Rigor**

- The Department of Journalism and Mass Communication and the Engineering and Physics programs recently had site visits from their respective accreditation bodies. Based on the exit interviews, the plethora of accolades that were bestowed on the University and the very minor recommendations which were made, it is foreseen that Murray State will receive good news for both of these areas in terms of accreditation. Other units will be going up for accreditation during the upcoming year and positive results are expected as well.
- The Murray State ROTC Program continues to excel in the *Ranger Challenge* as well as the *German Armed Proficiency Badge Competition*. The program has been nationally ranked and over the past 20 years has produced 83 Second Lieutenants and a total of 1,134 cadets. Shortly, Dr. Van Horn will leave this meeting to participate in the commissioning of two new Second Lieutenants. This is an important part of Murray State and all should be proud of the program.
- Everything this institution does goes back to the 1,156 students mentioned earlier who will be sent forth into the world where they will thrive.

Mr. Williams reported that a new Governor of Kentucky was elected this week and this will represent a new administration for the state. He personally witnessed and his staff mentioned several times that wherever they were Dr. Davies was also there – Monday night, all day Tuesday and Tuesday night. All know the importance of establishing key relationships in Frankfort and he has been told that Bob never sleeps and he believes that because he covered all the bases this week by attending meetings where his presence was necessary, being seen and talking with folks to build relationships. He complimented Dr. Davies for his efforts. Chair Waterfield confirmed that Dr. Davies travels to Lexington and Frankfort quite frequently – Frankfort in particular – and about once a month they will have dinner and are meeting a lot of people, particularly at one restaurant a number of legislators are known to frequent often. It is interesting to witness the dynamic that takes place as Dr. Davies meets and gets to know these individuals.

### **Report of the Constituency Regents, received**

#### **Faculty Regent**

Dr. Jacobs reported the following:

- In the past he has highlighted *Bring Learning to Life* and a number of projects in support of this endeavor and moving the institution forward with the strategic initiatives.
- Information was solicited from John Roark, Director of the Office of Sponsored Programs (OSP), focused on work underway which aligns with the strategic initiatives. The OSP is working with the academic Deans and the Office of Student Affairs to meet the strategic initiative of increasing grant and contract submissions by 30 percent by 2022. Each unit was asked to consider methods of creating interest in grants and how the OSP can best reach out to their faculty and staff. At each meeting a broad approach to each unit was discussed as well as aspirations of the unit and its goals. Barriers to grant submission were raised in several meetings. One emerging theme was that faculty and staff tend to equate grants with research and this perception needs to be broadened to include other activities and the needs of each unit and its faculty and students. He admires and supports this inclusive approach. He is a faculty member on a regional campus and that is where the marriage between teaching, research and service come together – the type of research that informs teaching and motivates service and also the kind of teaching and service that inspires good research. The OSP will

work with each unit individually to help faculty and staff locate and apply for opportunities and secure funds to help meet their needs, whether programmatic or research based.

- Murray State's Program of Distinction in Telecommunication Systems Management is the recipient of a \$173,000 contract issued by the Department of Homeland Security through the National Institute of Hometown Security. Contract work will focus on redeveloping physical security risk management courses for the Interagency Security to develop security standards and best practices for non-military federal facilities in the United States. This says a great deal about the kind of research that is being conducted on this campus that is not only impacting this community and region but is also national in scope.
- Dr. Alexy Arkov, Professor of Biological Sciences, is the recipient of a \$65,212 grant from the Kentucky Biomedical Research Infrastructure Network to conduct research focused on factors related to serious health issues, including ovarian and testicular cancers and infertility. This represents significant work that will aid many.
- Dr. David Pizzo, Faculty Coordinator in the Office of Undergraduate Research and Scholarly Activity (URSA), has established a partnership with the University Libraries to have a more expansive mission and the office has been renamed the Office of Research and Creative Activity (ORCA). The office will now focus not only on undergraduate initiatives but also graduate and strategic initiatives. Contact information for the office and the website address were provided. ORCA will continue to provide a number of services to students and the broader University community, including expanding Research Fellowships, research grants and travel grants; coordinating *Posters-at-the-Capitol*; organizing and executing *Scholars Week* in the Spring; selecting the *University Distinguished Mentor*; exploring how to use the new platform for Digital Commons to create an online Undergraduate Research Journal for Murray State students. Dana Howard, Social Media Marketing Manager, has assigned a media team to ORCA to help with branding and marketing. A number of ORCA pages have already been launched on several widely-used social media platforms.
- This year the Faculty Senate has a very active President in Dr. Joe Debella, Associate Professor of Adolescent, Career and Special Education, and has worked with leadership on numerous governance issues. The first issue that is key relates to the Faculty Senate having a voice on the Provost Search Committee, ensuring that the ideal candidate chosen will lead academic affairs to new heights. The second key issue relates to Senators collaborating with University administrators to establish a budget that will feature salary increases for faculty and staff. This issue has only intensified with the changes made to the University's health plan this year. The Faculty Senate has, in conjunction with its Finance Committee, made a recommendation and that has been forwarded to Mr. Williams as Chair of the Board Finance Committee. The recommendation was also shared with President Davies and Interim Provost Todd.
- There is currently a culture of new beginnings that sparks a spirit of shared governance and all appreciate Dr. Davies and the entire senior staff for their openness in conversation – even though everyone is not always in the same place in terms of their thinking.

### Staff Regent

Mr. Schooley reported the following:

- Human Resources was congratulated on a job well done on achieving 100 percent compliance with the health insurance Open Enrollment this year. This was even more difficult to achieve due to the number of changes to the health plan. Ms. Dudley; Joyce Gordon, Director for Human Resources; Susan Spier, Benefits Manager, and their staff did an excellent job working with all employees to help them complete the online Open Enrollment process.
- Food Services, under the direction of Dr. Robertson and Paula Amols, Director of Dining Services and Racer Hospitality, offered many special meals, including:
  - Harvest Dinner – with all of the produce used being grown in this area
  - Diwali – honoring Indian students which included authentic food from India prepared and served with the assistance of Indian students, a fashion show, entertainment and a traditional Diwali ceremony
  - Lambert's Night with “throwed” rolls
  - Senior Breakfast
  - Almost Midnight Breakfast
  - Thanksgiving Dinner
  - Holiday Dinner
- Murray State student Ryan Knight, a Student Manager and graduate student, won \$500 in recognition of being named the National Association of College and University Food Service Southern Regional Student Employee of the Year.
- Dining Services ranked among the top three percent nationally for dining service operations and was ranked number 55 nationwide, up from #107 last year, among 1,700 universities in recent Niche rankings.
- Each semester Staff Congress awards a \$250 Textbook Scholarship to both a staff member and one dependent to assist with obtaining textbooks needed to pursue their degree at Murray State. The renewable scholarship fund is made possible through donations by employees, community members

and other individuals. The Scholarship Committee hosts events each year to fund this important benefit for Murray State staff and contributions can be made through payroll deduction.

- Staff Congress members held a family fun day with children's activities during last year's Faculty and Staff Appreciation Football Game and attended Homecoming events. This year a silent auction was held during the Staff Holiday Reception and donations are also being accepted during the Children's Christmas Party to have personal pictures with Santa Claus.
- This past year over \$800 in scholarship funds have been awarded to staff members or dependents pursuing continuing education at Murray State.
- The "Above and Beyond Award" was created to recognize exemplary employees who exceed expectations in their job. All were encouraged to bring any such individuals to the attention of Staff Congress.
- The Children's Christmas Party was held on Saturday, December 5 in the Curris Center and participation was steady. Staff Congress also hosted a Holiday Gathering on December 10, also in the Curris Center.
- The Racer Proud Program represents a President's Office initiative to recognize faculty and staff who go above and beyond their assigned duties to help students succeed. Jerry O'Bryan, Transportation Specialist, received the first Racer Proud lapel pin. Dr. Davies confirmed that approximately 1,500 lapel pins were ordered to be provided to those employees who go above and beyond in providing assistance to students. Those pins have been distributed to Deans and others on campus to be given to staff members when they witness an employee providing exemplary service. The first lapel pin was given to Mr. O'Bryan because one afternoon Dr. Davies was in the Curris Center and discovered a female student who was near tears because her vehicle had a flat tire and the jack to change the tire was not there. He called Transportation who immediately arrived and helped the young lady change her tire. Mr. O'Bryan passed his lapel pin on to a fellow employee – Rick Fischer – who is responsible for picking up international students at the Nashville airport and bringing them back to campus. Mr. Fischer was in Nashville picking up a group of students but there were also two parents in the group. Due to potential liability the University cannot transport non-students. Mr. Fischer delivered the students to Murray and then went back to the Nashville airport in his personal vehicle to pick up the parents. This international family is from Taiwan and is currently in town. They have never had American pizza so Mr. Fischer and his wife also took the family to Matt B's for pizza.

### Student Regent

In an effort to highlight the Office of Multicultural Affairs, Mr. Combs presented information on the Emerging Scholars Institute (ESI) as outlined below:

- ESI students have completed 13,736 study hours in Waterfield Library and in the *Dr. Marvin D. Mills Multicultural Center* this semester.
- 103 ESI students served in various leadership roles in over 90 student organizations (out of a total of 150-200 student organizations).
- The five-year cumulative grade point average for ESI is 3.0.
- Current ESI enrollment is 133 with 91 Diversity Scholars.
- During the Fall 2014 Semester 36 ESI students made the Dean's List and in the Spring 2015 Semester 35 ESI students made the Dean's List.
- Miss MSU for 2015 – Tanelle Smith – is an ESI Diversity Scholar.
- Homecoming King for 2014 – Kendrick Settler – is an ESI Diversity Scholar, as is the Homecoming King for 2015 – Blake Thomas. Mr. Settler also presented his research at the 2015 Black Doctoral Network Conference in Atlanta, Georgia.
- Mr. MSU 2015 – Dexter Alexander – is an ESI Team Leader. Mr. MSU is a philanthropic event organized by Alpha Omicron Pi.
- Geco Ross – Bachelor of Arts (2006) and Master of Arts in Education (2008) and ESI Diversity Scholar – was named the Gilder-Lehrman Institute 2015 Kentucky History Teacher of the Year.
- Shelby Hubbard – ESI Diversity Scholar and McNair Scholar – was nominated to attend the Compact for Diversity Institute on Teaching and Mentoring in Washington, DC.
- ESI and the Black Student Council launched the Diversity Pledge initiative.
- The ESI held a bi-annual conference – the Leadership and Empowerment Conference and Racial Legacies and Learning: Race and Ethnicity Symposium.
- Over 350 faculty, staff, students and family members attended the 10<sup>th</sup> Annual Diversity Achievement Awards ceremony (program averages 350-450 annually).
- More than 500 faculty, staff, students and community members attended the 3<sup>rd</sup> Annual "Taste of Africa" event sponsored by the African Student Club.
- Over 200 faculty, staff, students and community members attended the 2<sup>nd</sup> Annual "Sabor Latino" event sponsored by the Sueño Latino Club.
- Appreciation was expressed to S.G. Carthell, Senior Director of Diversity Initiatives, for his leadership in the Office of Multicultural Affairs.



Greek Life highlights included the following:

- As of Fall 2015, total membership in 21 sorority and fraternity chapters across campus is 1,415 students.
- A new sorority – Delta Zeta – will be colonizing in Fall 2016.
- A total of 39 students were initiated into the Order of Omega – the Greek Honor Society.
- Fifteen students participated in the Emerging Leaders freshmen leadership program and there will be another cohort this Spring.
- Applications are currently being accepted for Sophomore Leadership which is the second step in the Student Leadership Series.
- In January 2016 three programs for new club/organization officers on Murray State policies and procedures will be offered. This will help with continuity of leadership as the various officers change within these organizations and clubs.

Student Government Association (SGA) highlights included:

- SGA passed a Resolution not to support the three proposed alternatives to 16<sup>th</sup> Street. This will continue to be a discussion point in the future but after reviewing the three options being proposed for 16<sup>th</sup> Street the SGA decided none of the three alternatives presented were acceptable and asked the City of Murray to go back to the drawing board to determine whether other options could be developed. Due to the efforts of students, as well as the community, the city is now taking on this work to identify other alternatives. In response to a question regarding whether the students made any suggestions for 16<sup>th</sup> Street, Mr. Combs indicated that when the Resolution was drafted the students were careful not to make any recommendations because they were not qualified to do so. They did indicate that the city should be a good steward of state monies, parking on campus should be preserved and any option should promote the safety and health of the campus. The students did not back one specific alternative.
- SGA also passed a Resolution in support of allowing all academic facilities to be used for meeting space for registered student organizations. Work is currently underway to ensure there is more meeting space for some of the larger student groups.
- Photographs of various campus events were shown, include the Homecoming Court, a visit to campus by Todrick Hall – an MTV star who was also on American Idol – to film an episode for his new show on MTV and a free event for students where they can design their own street sign. Shortly before the state-wide election the SGA Governmental Relations Committee sponsored the Election Connection Booth in the Curris Center to provide literature on all the candidates. A few months before they also held a voter registration drive and were able to get 83 students registered to vote.
- A Minion costume was used as a promotional tool for the showing of the Minion movie.
- SGA Senators who have gone above and beyond were recognized with the Senate Member of the Month Award and one recipient included Christian Barnes who provided assistance over the summer while Mr. Combs was in New Jersey for his internship. Also recognized were Jaclyn Whoberry and Katie Alexander (residential college Senator).

### **Report of the Treasurer, accepted**

Ms. Dudley reported the following with regard to the quarterly unaudited Financial and Investment Reports for the period of July 1, 2015, through September 30, 2015:

- A great deal of detailed information is provided in the financial and investment reports and timing does not allow for all the data to be discussed today, but confirmation was provided that individual discussions have taken place with Mr. Williams as Chair of the Finance Committee and Board members can be assured an additional level of review has been undertaken.
- A new schedule has been added to the financial statement this year – Statement of Tuition and Discounts – which provides additional detail given the importance of this area to the University. The schedule provided shows the University's performance as of September 30 compared to this same timeframe last year, as well as providing the Board with information on where the University stood as of June 30 last fiscal year. The information is detailed by semester and will help in tracking how the University is performing by semester compared to the budget.
- The University fell short of revenue projections this year in terms of gross tuition due to decreased enrollment but will be okay with the projection due to the contingency which was built into the budget to address enrollment changes. The expectation is that the University will end the year \$1.5 million to \$1.8 million short of meeting the tuition and discount projections. This will be addressed with the \$2 million contingency which was included in the budget.
- With regard to the Statement of Net Position, the cash balance is up significantly from last year due to the bond sale for Franklin Hall in March 2015. Also reflected are the pension numbers discussed as of June 30. There is a deferred outflow net pension liability of \$232 million and a deferred inflow. This information is included because a comparison is being made between September 2015 and September 2014. This information will continue to be provided to the Board as the numbers will change throughout the year.
- Investment earnings this year are realized earnings only. The University is somewhat down in terms of endowments. This represents approximately \$19 million that the Murray State Foundation invests

for the University. The Foundation rebalanced their portfolio during this quarter and the University experienced some realized and unrealized losses. Nothing else has occurred other than the rebalancing by the Foundation.

In terms of setting priorities for next year's budget, Dr. Jacobs asked about recurring funds which have been reserved for revenue contingency in the amount of \$2.4 million. Ms. Dudley reported this amount represents 5 percent of the University's state appropriation in the event of an enrollment decline. When the budget was developed for the current year it included a \$2 million contingency in the actual budget and more revenues than expenditures were budgeted. The budgeted \$2 million contingency represents how the predicted revenue shortfall will be covered. The \$2.4 million contingency represents how any reduction in the University's state appropriation would be covered.

Dr. Jacobs indicated that with regard to E&G figures there are a number of things that make him wonder about setting budget priorities for next year because these represent recurring dollars. An analysis of departmental carryovers (\$22.4 million) – given the University's history of block budgeting and understanding that the Deans and unit heads have decisions to make – was requested. Ms. Dudley indicated that a number of categories make up departmental carryovers and this does not simply represent balances left in an account for a particular department or unit. There is a combination of cost share accounts – funds that have been designated to match grants and contracts. Although those grants and contract may represent multi-year programs, monies have been set aside to provide a match for those obligations and these are carried over automatically. There is also a large balance of renovation and project type balances. If a department needs to do renovation or deferred maintenance in their unit they may not be able to fund that project entirely in one year. There is a process in place which allows the departments to scope a project out and set those funds aside. Approximately \$3.6 million of the \$22.4 million comes from departmental operations and the balance is restricted to other initiatives. In response to a question regarding the \$6 million holdback, Ms. Dudley indicated this represents the amount of carryovers from fiscal year 2014 that have not been released to departments to spend. These are contingencies which have been held for rainy day situations such as a shortfall if it were higher than the \$2 million budgeted. Dr. Jacobs asked whether this means there is over \$8 million in contingencies or holdbacks that could be prioritized as the budget is developed for next year. Ms. Dudley reported that these do not represent recurring dollars in the sense that they will be in the University's budget each year. These are balances that were held – one-time funds – essentially representing net savings or the University's savings account. They are not recurring budget dollars. The carryovers are one-time funds that can be utilized for one-time purposes and cannot be used for salaries or fringes or any recurring commitment and this is true of departmental carryovers as well.

Dr. Jacobs indicated that over the last two years approximately 120 new faculty have been hired which will have an impact on payroll and there are issues associated with recruiting and retaining faculty. In terms of priorities it is important to look at where the money is in the budget and perhaps identify monies for priorities such as salaries. Ms. Dudley clarified that the faculty were hired to fill positions already in the budget which had become vacant through retirements or resignations and these do not represent new positions. Dr. Jacobs responded that they are still new faculty and he is raising the issue because with that many new people being hired there has to be a different kind of payroll mix that has occurred over the past two years in terms of the overall budget for payroll. Ms. Dudley confirmed there is a different payroll mix but those positions are budgeted and it is common for a position to remain unfilled for a semester or filled with a late hire. If a position is not filled the departments are currently permitted to use those funds to meet other needs within their unit. They cannot permanently reallocate the funds out of salaries but they can utilize the funds for one-time expenditures and departments are given this flexibility.

Mr. Williams complimented Ms. Dudley and her staff for having a very good handle on the finances of the University and confirmed the data necessary for the Board to be diligent in its job is being provided. Ms. Dudley does a terrific job keeping him posted on the detail numbers but it does need to be recognized that while the University is on a solid financial footing it is somewhat fragile. What is going to happen in terms of the state funding situation is not known but it is doubtful there will be any huge increases in revenue. In actuality, all are concerned about any potential cut in the University's state appropriation. The new requirements for reporting pension liabilities is an additional concern. The volatility relative to enrollment and tuition dollars must

also be considered as an important variable. This does point out the absolute necessity of budgeting conservatively because without the contingency that had been built into the budget there would be a great deal of concern about the current year. The University's fragile financial footing is due mostly to issues that are outside of its control. Ms. Dudley and her staff do an excellent job and she is diligent about letting him know if there are any variables and movement occurring on the financial statements for the University and for that he is very appreciative.

Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, accept the quarterly unaudited Financial and Investment Reports for the period of July 1, 2015, through September 30, 2015, as presented. Mr. Schooley seconded and the motion carried unanimously.

(See Attachment #1)

### **Report of the Registrar, approved**

Dr. Thornton moved that the Board of Regents ratify the awarding of the degrees to August and December 2015 graduates on December 12, 2015, as recommended by the Office of the Registrar. Mr. Williams seconded and the motion carried unanimously.

(See Attachment #2)

### **Public Safety and Emergency Management Update, received**

Roy Dunaway, Interim Chief of Police and Director of Public Safety and Emergency Management, reported the following:

- Since 2013 there have been at least 155 school shootings in America – an average of nearly one per week. There were at least 336 gunshots in the vicinity of schools during the 2015 school year. Murray State alone can account for two of these latter incidents this semester.
- Beginning this academic year, nationally there has been an increase in shootings precipitated by arguments involving alcohol or drugs on campuses. Nationally since 2013 there has been an average of 340 “mass shootings” per year. Mass shootings are defined as shootings with four or more victims and the figure provided includes all school shootings. The number also references shootings where injuries and/or death occurs.
- A chart was provided referencing the 26 shootings since January 2015 at colleges or universities only and does not include the 30 shootings that occurred at K-12 schools this year or the number of “workplace violence” shootings for 2015. Murray State is a combination of workplace and education which increases the likelihood of experiencing a violent incident on campus.
- A number of incidents directly affecting Murray State this semester have occurred but also helped highlight the capabilities of the University's Police Department in terms of its ability to respond to such events. In September a homicide occurred off-campus and, due to the close proximity of campus and as per Cleary Act compliance, the President's Executive Management Team disseminated information regarding the incident in a timely manner. Slightly over one month later shots were fired into a residence located close to campus. No one was injured but at the time – and even today – there is no known suspect. This incident occurred in an area where many Murray State students live so the Executive Management Team was again activated to issue a timely warning to the campus community. A few days after that incident – at 11:45 a.m. – a student loaded ammunition into a magazine on the third floor of Wilson Hall. No weapon was located and the suspect – a current student – was charged with Disorderly Conduct. Public Safety received multiple phone calls and two LiveSafe app notifications reporting the event and responded as though the incident was an active shooter or hostage situation. Officers were on the scene and had the gentleman in custody in one minutes and 32 seconds. Thankfully the situation turned out to be less than it first appeared but this not only provided a good example of how Public Safety responds to such incidents but also how the campus community responds.
- Eastern Kentucky University recently discovered, via social media, a threat written on a bathroom stall which read “Kill all by 10/8/15 this BU OOP.” BU is believed to mean Beta Uprising which is associated with several school shootings, including the Umpqua Community College shooting on October 1. This phrase is used to describe an uprising or support of an uprising against “alpha males” and women by males lower in the hierarchy. OPP is believed to mean either “outside of Powell” (similar to the Curris Center) or “out of patience” (a popular online gaming term). He spoke with the Chief of Police at Eastern Kentucky who did many things quickly, as did the President of the University. They immediately called the Joint Terrorism Task Force within Kentucky State Police who looked at the threat which was general in nature but contained a specific date. They deemed the threat as credible and began to work the case as such. Chief Dunaway actually travelled to Eastern to observe their operation in the event a similar threat was discovered at Murray State. He learned

several valuable tools that have now been implemented on this campus. Eastern utilized all their partner agencies to investigate this incident and Chief Dunaway has since solidified the University's relationship with Calloway County Emergency Management for which Murray State serves as their operations center in the event of an actual incident. This effort was also undertaken with Murray-Calloway County Hospital Emergency Medical Services, the City Police, the State Police, the Sheriff's Department and specifically the Joint Terrorism Task Force which includes members from the local jurisdictions; the Alcohol, Tobacco and Firearms Commission and the Federal Bureau of Investigations.

- Eastern Kentucky University had many events occurring on campus, including a basketball game, on the date the threat was to occur. The decision was made to change the location of the game to Georgetown and the University of Kentucky Police worked that game. Similar initiatives at Murray State would be taken into consideration in the event of a similar threat. The Eastern Kentucky Police Department placed officers and dispatch on 12-hour shifts staggering their start times to coincide with events and the campus population.
- He would put the Murray State Police Department up against any other police department and with the help of the administration a lot of initiatives have been undertaken just this year alone. The LiveSafe app was purchased and is available for download to the campus community. This app allows for the subscriber to provide safety tips anonymously and through tips received Murray State Police have been able to solve numerous crimes, make drug arrests and intervene in mental health issues of students they might not otherwise have known about. LiveSafe is monitored 24 hours a day by Murray State Police Dispatch, over 650 tips and/or calls have been received to date and some arrests have been made as a result.
- Active shooter training for all faculty and staff has been conducted to ensure all know their role in the event of such an incident (run, hide, fight). The training was videotaped and is located on the main Murray State Police webpage. Students have been encouraged to view the training via faculty, SGA and housing. The Board was also encouraged to view the training.
- The process of conducting building safety assessments for all buildings on campus is currently underway. Significant changes have been made in many offices and classrooms to address specifically-identified security issues. Confirmation was provided that the safety assessments are also being conducted on the regional campuses and faculty and staff on the regional campuses have received the same training as those employees located on the main campus.
- Officers received specialized training by the Kentucky State Police (SRT-SWAT) specifically for an active shooter event and the police response. Multiple jurisdictions participated in the training with representatives as far away as McCracken County to learn the latest techniques for room clearing, hostage negotiation and how to deal with the threat of such a campus tragedy. Over the past 18 to 20 months Public Safety has greatly increased its presence on campus as part of community-oriented policing so individuals know their officers.
- The "See Something, Say Something" campaign was relaunched and posters were distributed across campus. It is believed that many crimes could be prevented if someone simply says something.
- A Murray State Campus Safety book was produced – with support from the administration – and placed in key offices on campus. The information provided includes contact numbers, available resources and safety tips.
- Murray State Police Dispatch closely monitors Facebook, Yik Yak, Unseen and several other social media websites and/or applications.
- Confirmation was provided that a robbery occurred within the city limits and the suspect, in police terms, laid low for a while. There was a good vehicle description and a Murray State Police Officer spotted the vehicle coming up Chestnut Street toward Public Safety and Emergency Management. This was relayed over the radio and the University's cameras followed the suspect and an arrest was made in front of Public Safety while the suspect was literally sitting at the stoplight.
- The Public Safety team is well trained and is diverse with over 200 years of law enforcement experience. All training is focused on the fact that it is not a matter of if but when such an incident could occur on campus. All in Public Safety take the liability and the safety of campus seriously and – again, with the assistance of administration – the department was able to purchase body cameras for all officers.

Mrs. Guess expressed appreciation to Public Safety and Emergency Management for their work to ensure the Murray State campus is safe. Due to their efforts students feel safe and Mr. Schooley echoed this sentiment. Chair Waterfield expressed appreciation to Chief Dunaway and his officers and dispatchers for their work to ensure the Murray State campus is safe and for the informative tour of the Public Safety and Emergency Management facility that was provided for the Board in August. Mr. Combs indicated he has received many positive comments on the LiveSafe app. He meets with the other Kentucky SGA Presidents and there are many other schools considering the LiveSafe app that are using Murray State as an example. Confirmation was provided that the LiveSafe app is free and has already been downloaded by many students, as well as parents. Dr. Davies indicated he would also like to add his praise for Chief Dunaway and his offices. He has had the opportunity to be associated with several university police departments throughout his career but Murray State's is campus-centric in terms of truly working

with students. He has had the privilege to ride along with officers and to see them in action and how they interact with the students to prevent potential incidents.

This update was submitted for information purposes only and required no Board action.

The Board adjourned for a break beginning at 9:53 a.m. and ending at 10:07 a.m.

### **Strategic Plan Update, received**

Dr. Fister began with a quote, “We cannot solve our problems with the same thinking we used when we created them – Albert Einstein” and she, along with Drs. Todd and Jackson, reported the following:

- On October 1 an update was received from all facilitators for the 64 initiatives. A funding proposal update was also provided and all are learning as this process continues. The funding group is making decisions on how best to use one-time funding to advance the Strategic Plan in concert with the presidential priorities presented at the Board Advance in August.
- Another update regarding the funding proposals will be provided on February 1, 2016. Appreciation was expressed to Kelley Wezner, Director of Institutional Effectiveness, for her assistance in organizing the various Google forms being utilized to collect necessary information.
- This represents five months of active work and in the information provided only 26 reports were highlighted although many more were submitted.
- One highlighted measure is increasing Honors College participation by 25 percent and from Fall 2014 to Fall 2015 there has been an increase of 8.1 percent (increase from 372 enrolled students to 402 enrolled students). Appreciation was expressed to Warren Edminster, Honors College Director, and the Provost’s Office for their efforts in this regard.
- The importance of increasing service learning opportunities has been elevated with the notion of performance funding that is being advanced by the CPE. Two workshops and a Spring 2016 speaker event have already been developed for civic engagement.
- A Comprehensive Compensation Study is also in the works but all must be mindful of current legislative discussions regarding minimum wage increases and overtime allotment. Ms. Dudley is working on developing this work potentially utilizing a consulting firm.
- Dr. Todd reported that in terms of increasing enrollment from Jefferson, Fayette and other metro areas in the Commonwealth, as well as increasing minority student enrollment, two different task forces are focused on this work which is also underway.
- The Board approved reviewing the freshmen admission standards and implementing the *Pathways to Success* program. The Board approved making these changes in June 2015 and implementation will begin with the Fall 2016 class.
- Another measure is to increase the number of students in an experiential learning/Quality Enhancement Plan (QEP) experience. The QEP has been implemented and 100 percent of undergraduate programs are offering Experiential Rich Activity (70.8 percent – professional, 15.3 – percent co-curricular, 9.7 percent – research, 2.8 percent – service learning and 1.4 percent – study abroad).
- Dr. Davies’ leadership has been important to this process but also of importance is the work of Deans, facilitators, faculty, staff and students who have been regularly involved. This work goes above normal job duties and the work of all who have contributed to the process is truly appreciated.
- Another measure is to partner with the community colleges to increase baccalaureate attainment level. Recently ground was broken in Madisonville for a Postsecondary Education Center for that part of the service area. The team responsible for this measure continues to work diligently to identify potential partnerships and making sure this work is on track and the University is doing what it should be doing in those areas.
- Of the 64 objectives, the Economic Impact Study represents one the President wanted to get underway quickly. The University – under the direction of Gil Mathis, retired Murray State Professor of Economics and Finance – is currently involved in this work. The data gathering stage is underway and during the Fall that work involved two major aspects – a comprehensive survey of everyone who receives a check from Murray State University and identifying the events that are held at the University (such as athletic or musical events) to determine what they bring to the community and the region. Murray State students will be surveyed in the Spring from the standpoint of what they spend in the community. This represents an extremely comprehensive and informative study. In response to a question regarding the scope of this work, Dr. Todd confirmed that work is being undertaken for the 18-county service region as the priority but the scope also goes a bit further out into the adjoining states in order to provide Dr. Davies with an end result to share in Frankfort.
- The University Master Calendar will be finalized and released on January 8, 2016. This will prove to be a valuable tool for all when planning various campus events.
- Deferred maintenance funding has been added to the budget as of July 1, 2015.
- All are pleased that individuals are coming together around these concepts and thinking about how they do their jobs to align with the priorities that have been set forth.

This update was submitted for information purposes only and required no Board action.

### **Risk Management Update, received**

Dr. Davies indicated what is being presented today represents a follow-up to the Board Advance where risk management was discussed. At the Advance a determination was made that the administration needed to identify a means of monitoring key risk factors for the institution. An effort has been made to develop a format where this information can be routinely shared with the Board and to senior staff about the various risk elements and their associated impact on the institution. This format will also help the administration determine how risk adverse it wants to be and how it should manage areas of identified risk. What is being presented follows a best practice enterprise advanced by the Association of Governing Boards and other organizations. The report is visual and is both qualitative and quantitative in nature. Mr. Williams confirmed that Ms. Dudley has walked him through all of the information being presented and it is obvious a great deal of work has gone into the process but the results are very informative. If Board members have not had time to review the information they were encouraged to do so and take time to absorb what has been presented.

Ms. Dudley reported the following:

- Risks are identified by risk level, with the four quadrants defined as follows:
  - Low Risk (accept) – impact and probability are low. Includes risks that are known, accepted and managed as part of routine operations.
  - Medium Risk (share) – impact is high and probability is low. Includes risks managed with the assistance of outsourced vendors (insurance, other state agencies, etc.).
  - Medium Risk (controlled) – impact is low and probability is high. Includes risks where the University works to design process and appropriate controls to reduce probability.
  - High Risk (actively manage and mitigate) – impact and probability are high. Includes risks the University currently focuses on and actively manages both the impact and probability.
- Risk Categories were identified and a graphical presentation of each was provided as indicated below:
  - Campus Safety
  - Financial
  - Facilities
  - Academics
  - Enrollment Management
  - System/Data Security
  - People/Human Capital
  - Athletics
  - Compliance
- These represent overall risk factors, are very broad in nature and are high level risks. An overall impact versus probability summary with every risk category was provided, followed by an individual graph for each individual risk category. Each risk category is represented by a bubble which falls within a respective quadrant. The goal is to routinely share this information with the Board to illustrate how risks are changing in terms of risk level. On each chart, the horizontal bar represents the probability of a risk and the vertical bar represents the impact to campus.
- The size of the individual bubbles is related to the general dollar value of that risk. These are not assigned real dollar values but ranges were assigned to demonstrate the large, medium or small financial impact.
- Enrollment management represents a large risk and could present a huge financial issue.
- Facilities fall within both the medium and high quadrants due to buildings being constructed (risk shared with contractors) and deferred maintenance on current buildings.
- In response to a question regarding why system security was identified as a medium risk and not a high risk, Ms. Dudley confirmed that Information Systems takes security very seriously and maintains databases and backs those up on a regular basis. Murray State also participates in a program where its databases are backed up at Northern Kentucky University which provides off-site backup storage. Dr. Davies indicated the system/data security risk was assigned its current level due to initiatives which have already been implemented and put into practice. At other universities their backup is at another end of the campus. Since Murray State's backup is at the opposite end of the state that mitigates some risk. There are elements for which there is some concern, including the fact that there is a decentralized approach in terms of some databases. Confirmation was provided that Information Technology continuously scans the system searching for security threats (emails) and it is surprising how many of these type of threats are stopped before they infiltrate the system. Data management and the associated risk is great and as time goes on some of the elements could be moved into the high risk category. This represents a first step effort and the various risks, and associated elements, will be fluid. Confirmation was provided that each of the state institutions have their own firewalls and security precautions and there is not a great deal of integration across all institutions which helps to somewhat mitigate risk.

- A detailed graph was provided related to campus safety and the various elements. A high risk element is national safety trends and many issues such as Title IX, study abroad and officer retention represent low risk items.
- Financial risks include pensions, state funding and the new tuition model which fall within the high risk quadrant. Employee raises falls within the medium risk category and while that area is currently under control it does represent a significant item for the University to manage with changes to minimum wage and overtime laws that are being discussed. Over the course of the year as budget time nears and the state budget is known, some of these risk categories could move to a higher level.
- With regard to facilities, medium risk elements include Franklin Hall, electrical power and the Engineering and Physics Building. If Franklin Hall is not completed on time to open in August 2016, the University will have lost the opportunity to house residents in that facility for the Fall Semester. This represents a serious deadline for completion to ensure the rooms are filled to allow the institution to cover debt service for the project. Brethitt Veterinary Center (BVC) is also ranked as a medium risk but there is less financial impact on the institution if it does not open on schedule compared to Franklin Hall not opening on time. The BVC building project is also further along and represents a risk that is being managed.
- Academic Quality risk elements include study abroad and student travel which represent controlled medium risk items with research and accreditations being low risk elements with significant consequences if they are not achieved due to their importance in the current Strategic Plan.
- The Enrollment Management risk does have the most elements in the medium risk (share with others) and high risk (actively manage and mitigate) quadrants. Associated factors include changes in the tuition model, high school/community college enrollments, retention, federal aid and summer school. This area represents the most risk and the largest financial impact to the University.
- People – The main risk factors in this area pertain to the minimum wage, overtime laws and the Affordable Health Care Act and these represent the potential for the most volatility over time.
- Athletics – The main risk factors in this area pertain to financial impact, facilities and Title IX. In particular, Stewart Stadium represents a large risk factor in terms of trying to maintain deferred maintenance in that facility.
- Compliance – High-level compliance items include financial aid, Title IX and the Americans with Disabilities Act. There are many items that campus must deal with in regard to compliance and those presented represent risk areas at the highest level.
- In response to a question regarding grant funding being a risk area, Ms. Dudley indicated there is a good process in place to manage how grant funds are spent. The expenditure of grant funds must go through a number of phases to be approved, beginning with an investigator or a project director and review by an individual in the finance office to ensure any expenditures are in accordance with federal guidelines, as well as grant guidelines, before they are paid. There are risks associated with grant funding but, as illustrated in the A-133 report, it is believed the University manages this area well and strict monitoring processes are in place.
- In response to a question regarding what payment card industry (PCI) compliance is, Ms. Dudley reported that PCI compliance represents where Visa and MasterCard began to develop very stringent guidelines for businesses that accept credit cards. The University was required to implement a great deal of networking security and had to change a lot of credit card readers on campus. The University also had to go through a recertification process with the vendors to be able to continue accepting credit cards on campus. This has been a very costly and time consuming process for the Bursar's Office, which manages credit card payments, as well as Information Technology staff who have been very involved. The Bookstore and Dining Services also accept credit cards and the University is responsible for ensuring the security of credit card information by not storing this information on campus. Credit card processing has been outsourced a bit more so the information can be posted off-campus with vendors in this line of work. The University is liable for what a vendor may do but an effort has been made to mitigate risk by proceeding in this fashion. Confirmation was provided that the new readers which were installed on campus are chip enhanced and employees have completed the certification process necessary to be able to accept this type of credit card.

Dr. Davies confirmed that updated risk management information would be provided to the Board at each Quarterly Meeting – highlighting any changes which have been made. It is important for the Board to be able to review this information on a quarterly basis. All agreed that the current format for this information is easy to understand and reports will continue to be presented in this manner. Appreciation was expressed to Ms. Dudley and her staff for the effort which went into preparing this report.

(See Attachment #3)

This update was submitted for information purposes only and required no Board action.

## **First-Time Freshmen Tuition/Scholarship Model Update, received**

Dr. Davies indicated that an update on the proposed new first-time freshmen tuition and scholarship model update is being presented as a result of discussion which occurred at the Board Advance in August. An effort has been made to think about and articulate a methodology of resetting the University's tuition so it is sustainable, reflects value and is competitive within the Commonwealth, the region Murray State serves as well as in other states while also developing a scholarship model that would attract high-achieving students, be flexible to provide scholarship opportunities in the future for students who come to the University as freshmen but may not have received a scholarship and also enhance the ability to offer some transfer scholarships. This work must also be placed within the context of today's environment.

The state appropriation ten to 15 years ago was by far the largest revenue source for institutions across the country, and Murray State as well, but this has changed significantly. All must be mindful that as the University continues to grow and expects quality to be enhanced the key revenue source – the state appropriation – will not keep pace with these efforts and, instead, a model must be developed which will enable the University to undertake this work. Maintaining a balance in terms of affordability is also an important element of this initiative. The University must have a sticker price that reflects affordability but it must be able to provide opportunities for scholarships for high-achieving students and others.

Also discussed during the Advance is a policy which has been on the University's books – the notion of a cap at 12 credit hours. Currently, any credit hours taken after 12 (13 and above) in a face-to-face course are not charged to the student – meaning the student receives those hours for free. It is important to note that there are still costs associated with those courses which affects the University's ability to sustain this practice. Over the last seven years quite a lot of universities that had the cap have reversed their policy – either changing it significantly or eliminating it altogether. In 2009, Murray State requested permission to also change the cap but that did not come to fruition for multiple reasons. As part of the model being presented today, an effort has been made to ensure – in terms of affordability – students are encouraged to take 15 credit hours. Appreciation was expressed to Ms. Dudley and Mr. Dietz for their work on the new first-time freshman tuition and scholarship model and confirmation was provided that several potential models were reviewed, the results of the Maguire and Associates Study were taken into consideration, a commitment to affordability was maintained and competitor tuition and scholarship models were studied in developing the model being presented. The model was also presented to the Faculty Senate, Department Chairs and the Student Government Association. At the SGA meeting, it was interesting to note that several students in attendance asked if they could switch to the new model now. By and large the model being proposed has been very well received by the SGA. Work continues to present this proposed model to many other bodies on campus over the next two to three months. In terms of the process that will unfold, today represents a discussion with the Board – once the model is presented – in an effort to answer any questions. The administration will continue to present the model to different areas on campus and refine as needed. As soon as the CPE process to be followed is known, the administration will come back to the Board for approval of the new tuition/scholarship model. The model will then be presented to the CPE for ratification. Dr. Davies confirmed he has had conversations with the CPE about this specific process – especially in light of the model presented in 2009 – and it is believed the model will receive CPE approval if the Board determines that is the direction in which it wants to proceed. Changing the tuition model does represent a risk to the University but the risk is greater to the institution if it does not take a step in this direction. If the University continues to move forward in its current mindset, given the new context and new fiscal pressures and dynamics, it will be facing even more risk in terms of the institution's mission. This step is a lot less risky than doing nothing.

Ms. Dudley and Mr. Dietz reported the following:

- Proposed changes are being recommended for the tuition and scholarship model, Free Application for Federal Student Aid (FAFSA) requirements and filing and the refund policy while also looking at some school comparisons. It is important to note that for tuition and scholarships the changes are for new students only – and are not being proposed for currently-enrolled students – and for a period of time students will be on two different models. The FAFSA and refund policy changes will apply to all students.
- Moving forward, a cap on tuition will still be offered from 12 to 15 hours. If a student takes 12 to 15 hours their tuition will remain at a flat rate. The same structure will remain in place for regional tuition for students from the regional states, as well as out-of-state tuition. The structure as a whole



will stay in place but tuition will now be capped for students from 12 to 15 hours. Confirmation was provided that this model does fall in line with the state's "15 to Graduate" initiative.

- The model being considered would charge students for each credit hour taken greater than 15. That charge above 15 hours would be at a 50 percent discounted per hour rate and this is based on a student's state or residency. Charging at the above 15 hour rate allows the University to eliminate the current web tuition pricing structure. The University currently charges a premium on web tuition rates and those are charged at a considerably higher rate for currently-enrolled students. With the elimination of the web premium, it would be replaced with a per hour course web fee up to \$75 (same rate for all web classes). This change is revenue neutral, with no additional revenues being generated, and the overall average student cost would not be increased. Charging for hours over 15 does not generate new tuition dollars but simply represents a change in the current tuition structure. During the first year for incoming freshmen, the model will be revenue neutral. This does represent a costly scholarship model but the intent is to set the base at a point where the University will be better off in the future and in future years this model will become revenue positive. In response to a question regarding how this model is less risky than what is currently being done, Dr. Davies indicated the proposed model resets tuition at a level where the University is competitive. Currently Murray State is the lowest cost comprehensive institution. As tuition increases are considered in the future, as they are based on a percentage, Murray State has a much lower numerator and cannot catch up with the inflation factor. In addition to resetting tuition so that it is at a competitive level, not the highest and not the lowest, this will provide additional revenues that can be reinvested in the institution for quality as well as increase the scholarship model. If Murray State continues to be the low-cost provider it sends a message to the communities about the institution's value proposition and that presents an interesting message as described by the Maguire and Associates Study. If the University continues to be at the low end of this market, revenue opportunities will not be available to enhance quality and scholarships. Mr. Dietz added that the new model is also designed to help fund new and more aggressive scholarships and not just scholarships for freshmen. The transfer scholarship is being increased and a National Merit Scholarship program has been added. Consideration has also been given to rewarding students who enter the institution with no scholarships and if they do well they could be offered some scholarship dollars. Currently the University is the lowest cost in terms of tuition but ranks the highest in terms of quality among Kentucky peer institutions. This new model will provide an opportunity to shift tuition so the institution can align itself with its peers moving forward.
- Effective Fall 2016, completion of the FAFSA will be required for anyone receiving institutional aid. The FAFSA is the pre-application for federal student aid and currently the University does not require every student to complete this application. It is known that there are currently students who do not file the FAFSA but are missing out on federal dollars. Students may see this process as being too complicated and intimidating but moving forward the institution will provide more opportunities and workshops to help students become more familiar with the FAFSA completion process. Currently 75 percent of Murray State students do file the FAFSA so this will not represent a huge cultural shift for the institution but it will be incumbent upon the University to provide those other students with the tools necessary to file the FAFSA. This change would be effective for every student at the undergraduate level for Fall 2016 and moving forward.
- Students already attending Murray State will remain on their current model and the new model will be for new freshmen and new transfer students. Current students will have six years to complete their degree before they will be switched to the new model (includes freshmen through seniors). At one point in the future all students would be on the new model. A current student's pricing structure will remain the same and if they are on the current web model they will remain on that model with fixed scholarship amounts until graduation (or up to six years). Confirmation was provided that any tuition increase would affect all students.
- The scholarship model being proposed for incoming freshmen represents a percentage of tuition which is more beneficial for students because as tuition increases their scholarship will also increase. The grade point average for a scholarship has also been lowered to a 3.0. Many students have a 3.0 to a 3.9 grade point average but some students in this range are currently not getting scholarship opportunities. An effort is being made to open the door for these students. The scholarship model ranges from 20 percent of tuition to 100 percent of tuition. The top three tiers – Trustees, Regents and Provost Scholarships – would also have an added stipend for their merit award and this is new. The stipend is designed to go toward direct costs at the institution (remain in-house).
- Dr. Davies indicated that during his first year as President he visited all of the area Superintendents and Counselors and one of the things they were concerned about was Murray State's inability to offer competitive scholarships. This model would address that concern specifically. He does not know of any other institution that offers scholarships on a percentage basis – the others offer scholarships based on a fixed rate. In discussions with Superintendents and Counselors, they immediately recognized that the percentage model represents an inflation protector that no other university offers. This represents a differentiator that is already being seen as a factor which sets Murray State apart from other institutions.
- In terms of proposed tuition, for a Kentucky resident the per hour cost between one and 11 hours would be \$350. The capped rate from 12 to 15 hours could be up to \$4,200 although this exact amount has not yet been finalized. Each hour above 15 would then be charged at a 50 percent

discounted rate based on the students' residence and tuition charged by their regional state.

Confirmation was provided that CPE approval is required only for resident tuition rates. The CPE does set some parameters on how much non-residents must be charged. The numbers being presented represent those that will be negotiated with the CPE and reflect an effort to get the base model started.

- In response to a question, confirmation was provided that in the coming year this new model would only impact new freshmen and would be revenue neutral. It is anticipated the University will be able to generate additional revenue every year after that moving forward for each new freshman class under the model being proposed. Confirmation was provided that in terms of setting tuition and mandatory fees at \$4,200 the institution is making an effort to break even as it implements the new tuition and scholarship model based on estimated usage. Next year the amount could be increased by 1 percent and that is where the institution will start gaining additional revenue over what has been projected for this year, representing an incremental increase over time. Dr. Davies reported that volume is added by having an additional class in the second year with both freshman and sophomore classes and in the third year having the freshman, sophomore and junior classes. This represents where revenue is built into the model.
- The new University Scholarship being proposed (\$1,680) represents 20 percent of tuition. The current University Scholarship is a fixed dollar amount of \$1,000. The Carr, Provost, Regents and Trustee scholarships all provide more dollars to the students in relation to their in-state tuition.
- The changes to the FAFSA requirement is being made to ensure students are utilizing as much of their aid as possible. Work will begin in the Spring Semester to inform students of the need to apply for federal aid through workshops and other communication avenues. This information is currently provided to freshmen in the community and in the high schools and efforts on campus will be increased to provide this information to currently-enrolled students. Students will not be awarded institutional aid if they do not complete the FAFSA application. Students and parents are generally intimidated by the FAFSA because the application is fairly complicated and can be overwhelming which leads to a reluctance to fill out the form. There are others who feel they would not be eligible for federal aid and simply decide not to file but a concerted effort is being made to change this perception. Confirmation was provided that the Student Financial Aid Office provides assistance to students on how to complete the FAFSA application and additional workshops will be offered on campus to reach a wider audience.
- Another change which will impact all students is the proposed refund date change. Current practice is for the University to refund to students any dollars over and above their account balance ten days prior to the beginning of class. This has created some issues for both the student and the institution. As the start of the semester gets closer, students make a lot of changes to their account and could add meal plans, purchase books, change residential college rooms – all of which can increase their costs. The perception is that if students received a refund their bill is in good standing. In reality, the students are making these changes and they could now actually have balance due but they no longer have the money to pay their bill because the University has already provided them with a refund which they have spent. As a change in business practice, the University will begin offering refunds on the last day to add a class (fifth day into the start of the semester). This represents a cultural shift for the institution and for students and will require the University to provide good education in terms of helping students to understand that their refund will arrive 15 to 20 days later than it did last Fall. This change will ultimately help students so that they are not carrying debt on their account and do not get into a situation where they cannot register for the next semester or cannot obtain their transcript because they still have a balance outstanding at the University.
- In terms of a refund, in many instances students – based on their financial aid award – will have a balance to be refunded back to them. Their award amount is more than their expenses and the difference represents what is owed to these students. This refund is what the University has been giving out prior to the start of classes and the proposed change will now not provide the refund until after the end of the last day to add a class. What has occurred is that after the excess financial aid check has been returned to students they will, for instance, add a meal plan. Of the students receiving refunds, over 50 percent have charges added to their account after they have already received the refund. When pre-registration happens for the next semester students are struggling with the fact that they have a balance due on their account but have already spent their refund money. Until they pay off the outstanding balance, students are prohibited from being able to enroll for the next semester. Students do rely on their refund for expenses such as rent but they can also be given a letter they can present to their landlord to confirm they will have money coming in once all University expenses have been paid and their refund has been issued.
- A tuition proposal comparison with the other state universities was provided which outlines their tuition rate this year plus a 3 percent increase and compares this figure to the \$4,200 rate Murray State is proposing. This data shows Murray State will be about even with Eastern Kentucky University with the new proposal (\$3 difference) and this analysis was also provided against the other state institutions. Tuition at Northern Kentucky and Western Kentucky would be significantly higher than Murray State's proposal of \$4,200.
- A graph illustrating where Murray State tuition would fall with the proposed \$4,200 rate was presented. The information presented also shows how the University's cost would increase as students add a credit hour over 15. The other schools cap at different levels and most charge for any additional hours. The highest level for Murray State students – 19 hours – would cost \$4,900 but that

same course load at Western would cost \$5,179. Even though additional hours will increase a student's tuition rate it is very much in line with the lower end of the tuition scale in the state.

- Summarized information was presented on the overall financial projection for the new tuition and scholarship model. When talking about revenues, the first class is a \$14.7 million proposition. An effort has been made to identify scholarship needs (\$5 million) and where FAFSA scholarship dollars will help to reduce that amount. By reallocating additional scholarship dollars the University is nearing the breakeven point with the new model. FY14-15 enrollment for this same class was 1,501, FY15-16 enrollment was 1,469 and projected enrollment for FY16-17 is 1,318 (183 students less – 12 percent fluctuation). An effort is being made to be conservative in terms of enrollment estimates for FY16-17 in order for the institution to be able to break even.

Dr. Thornton indicated when she first began her tenure on the Board and reviewed the budget she was somewhat surprised how the University could continue to offer the value added component that Murray State provides to students with the tuition model which was currently in place. The model being presented is reasonable in terms of trying to maintain the quality that is being provided to students, the reputation of the University and the value added that is being given to students. Murray State has been very efficient over the years but it was difficult for her to see how the institution could meet its financial requirements if it kept the same tuition and scholarship model. The phasing in and incremental nature of the plan being presented is positive. No one likes to change tuition but the model presented is realistic in this day and age and she applauds the work being undertaken to ensure the institution is being fair in trying to determine how to help students. At the same time, the University has fixed costs that cannot be avoided. High school classes are, in fact, nationally decreasing and this is not unique to Murray State. Every university is having to deal with the fact that there simply are not going to be more students given current birth rates. Regents must help the institution maintain quality and the value that is being provided to students. Mr. Williams echoed this sentiment. Ever since he came on the Board the inevitability of needing to change the tuition and scholarship model has been a constant area of attention and discussion. This is a very timely and appropriate change to make. All must continue to be very cognizant of distinguishing costs and value. The University continues to receive high national rankings that all take great pride in. It needs to be understood that with the academic value the University will still be very affordable, competitive and in relatively good shape on the cost side of the equation and will still be extremely well positioned. Resetting tuition in light of state funding cuts is a point of reality which must be dealt with but even at 16 credit hours the extra costs will be no more than \$175 for in-state students and this still creates a significant amount of value given the University's academic standing. The model presented preserves quality and affordability but it also puts the institution on a new level that is sustainable. Clearly, the old model was not sustainable because the University continues to incur costs above the 12 hours and it is not realistic to continue a model that is built on variables that are no longer applicable to reality. There are always risks involved with any change but this represents the responsible way to proceed both academically and financially and he endorses this as being the right move for Murray State.

Dr. Davies confirmed that the proposed tuition and scholarship model is being presented at this time for informational purposes only. Similar presentations will be provided to multiple bodies both on and off campus over the next several months. The CPE is in the process of formulating its guidelines for tuition recommendations and this model will need to be adapted to be reflective of those changes. It is anticipated that the CPE guidelines will be released within the February/March timeframe. The administration would bring a recommendation back to the Board at the June meeting for official endorsement. The proposal would then be presented to the CPE at their late June/early July meeting for their endorsement. Ms. Dudley indicated that due to the timing of this work the Board will likely need to have a Special Meeting early in the Spring Semester because this discussion will need to occur sooner rather than later. Dr. Davies confirmed that information is being communicated to current freshmen applying for admission regarding the basis of this model. Dr. Davies has also had the opportunity to personally call many seniors throughout the 18-county service region applying for admission to Murray State encouraging them to attend. This tuition and scholarship model has come up in many of those conversations with potential students and their parents. So far the change has been easily accepted. Mrs. Guess indicated the part of this model she appreciates the most is the fact that it positions the University to be "in the game" in pursuing, attracting and retaining high-achieving students. The model further assures these students that they will be protected against any tuition increases. Mr. Combs expressed appreciation for all the hard work which has been exerted in putting together the new tuition and scholarship model. When he spoke to SGA there was a great deal of praise for this model and many individuals were excited about it and this is

incredibly important moving forward. There are two areas that still cause some concern for students. The first is the fact that some current programs require more than 120 hours due to their associated accreditations. This forces students in those programs to pay for more than 15 credit hours semester after semester. The realistic side of this is that there will still be a significant number of students who will benefit from the new scholarship model. In Music, for example, it is common for students to take 17 credit hours per semester at \$4,550 – although it is only \$350 more – this additional cost represents a hard thing to come by from a student's perspective. It worries him that there will be students who are not benefitting from the scholarship model that will have to pay the \$350 cost and for some that may not be realistic. Students who are in programs which require them to take more than 15 credit hours per semester will be greatly affected by the proposed change. He hopes this would not force students to change from their chosen major but it is realistic to think that it might. He came to Murray State from Marshall County High School and there were a lot of friends who came with him and many of those individuals would not benefit from the proposed scholarship model – and not because they are bad students – because the average GPA for his graduating class was 2.92 with an average ACT score of 20.3. Many students in this category are going to feel like they are footing the bill for the University to provide opportunities for higher performing students who may not even come from within the 18-county service region. His overall concern is that there will be many students within the University's 18-county service region who might not benefit from this model and that is troubling. Most students would not want to take more than 15 hours but there are some students who are put into that bracket due to requirements of program accreditations. Other than these two concerns, the Student Senate does like the new model being proposed. SGA is generally comprised of the most active and brightest students on campus so a response from this body could be slightly skewed. He reminds the SGA members to talk with their constituents because it would benefit most every member of SGA but he wants to make sure that in the long run it is not just benefitting a small group of students. Mr. Schooley indicated that with English, math and science students are automatically going to be taking 16 credit hours and almost every student will be required to pay for at least one hour. He does like the fact that the scholarship model is percentage based to account for any increases in tuition.

Dr. Jacobs indicated that he supports what has been said by Dr. Thornton and Mr. Williams. From the faculty side, revenue has been an issue for a number of years and there are significant issues on inputs although this does represent a model which compares very favorably with what the University's competitors are doing. Mrs. Sewell indicated she would like to ditto what has been said today in that this represents a good model. As a Music Education major she was aware that it was a five-year program and a lot of hours required for a music major are far more than the academia. As a Music Education major she was required to take major ensemble and those add one credit hour. There will not be a charge for these required one-hour credit courses. Mr. Combs indicated that this same issue exists not only for music majors but for some Honors College and agriculture students as well. If the University can pursue the route of not charging for these type of hours that would be desirable. Students are not against having to make the change and most understand the situation the University is facing in order to be able to continue to offer a quality education. There are still a few areas, however, that present some level of concern for him and other students. Dr. Thornton added that Murray State has outstanding faculty and that is what establishes the reputation of any university – the quality of its faculty. There is a desire to maintain a high quality faculty and because this model is incremental in nature as the institution moves into the future it will have additional resources to continue to attract a high-quality faculty to replace those who retire. This is a factor that must be considered for any new model that is adopted.

Chair Waterfield expressed appreciation to all for their work in developing and presenting the proposed new tuition and scholarship model. The main goal of the model is to look forward and determine what is in the best interest of the University for the future.

This update was submitted for information purposes only and required no Board action.

### **Board of Regents – Self-Evaluation Project Report, received**

Dr. Davies reported discussion also occurred at the Board Advance regarding the fact that one of the roles of a board is to evaluate itself. As a part of this, discussion occurred about the University's outstanding program in Nonprofit Leadership Studies and a national leading figure in Bob Long, Distinguished Visiting Professor, who has worked with many nonprofit boards on

many fronts. Dr. Davies was given the flexibility to hire a consultant to undertake this work or offer Dr. Long lunch and invite him to assist with the development of an evaluation instrument to be utilized by the Board. Utilizing the talents and services of Dr. Long is unique in that it also provides an opportunity to include current Murray State students in the process to give them “real world” experience. Also discussed at the Board Advance was the development of a statement of Board of Regents roles, duties and responsibilities and this will be tied intimately to the evaluation process and this tool will be discussed following lunch. Dr. Long reported the following:

- Appreciation was expressed to the Board for providing the opportunity to engage Murray State students in “real world” work.
- Over the past eight years, the hallmark of the Nonprofit Leadership Studies Program has been for every course to have a “real world” applied component. Faculty teach social entrepreneurship where there is a local nonprofit business as a client that provides advice and counsel about entrepreneurship. There is a course on philanthropy where students give away \$5,000 to \$6,000 per semester to local nonprofits while the students study the process of giving. In a course on governance and policy-related programming – which is new to the curriculum – the timing of this project was perfect. When Dr. Davies approached him about supporting the Regents in this effort his only qualifier was the ability to conduct this exercise within a course to involve students and that was readily accepted. Design work on the course has begun to bring forth the best practice possible from the field into this endeavor. He has been in contact with the nonprofit sector side undertaking this work – Board Source. He formerly worked with the Kellogg Foundation which funded the development of the infrastructure of the nonprofit sector over the last 30 to 40 years. The Kellogg Foundation funded the development of Board Source which is a resource for board development in the nonprofit sector. Through the University’s membership in the American Association of State Colleges and Universities (AASCU), there is also a membership in the Association of Governing Boards (AGB). As of yesterday, he has completed a third consultation with AGB so that he might use their models for the process in front of the Board.
- To develop questions for the survey which will be undertaken confidentially with the Regents, the students will look at three different sources of models and develop the survey that will be presented to the Board. The sequence of processes to be undertaken to complete this work comes directly from AGB. The students will take all involved through the process to the extent that it serves the Board of Regents.
- It is expected that there will be a good working report of the results of the survey by the end of the Spring Semester and that will be brought back to the Board in whatever desired format. Some of the students undertaking this work will be continuing through the next year and will be available to the Board as a resource as needed.
- In telephone consultations which occurred, no one – including AASCU and AGB – have ever heard of a model such as the one which will be developed and utilized that engages a class of students in board assessment. In the nonprofit sector it is not uncommon to have constituents involved in this process but students as constituents is a unique opportunity that could inform practice more broadly throughout AASCU’s membership. Appreciation was expressed to the Board for the opportunity to be on the front edge of this work.

Chair Waterfield indicated all look forward to this work and he has never served on a Board – either in industry, education or within a nonprofit – that has, within the last five years, been more congenial and responsible than this Board – even when differences of opinion exist. The Board is attempting to not only judge itself but also set the course for future Murray State boards. All look forward to working with Dr. Long and the students in this effort.

This update was submitted for information purposes only and required no Board action.

### **Closed Session**

Chair Waterfield solicited a motion that the Board of Regents go into Closed Session pursuant to Kentucky Revised Statute (KRS) 61.810(1)(c) to discuss proposed litigation and litigation pending against the University and pursuant to KRS 61.810(1)(b) for the purpose of discussing future acquisition of real estate. Mr. Williams so moved. Mrs. Sewell seconded and the motion carried. President Davies, Secretary Hunt, General Counsel Rall and Dr. Fister were asked to remain in the meeting room.

Closed Session began at 11:35 a.m.

## **Open Session**

Chair Waterfield solicited a motion for the Board of Regents to go into Open Session. Mrs. Sewell so moved, seconded by Dr. Thornton, and the motion carried. Open Session began at 12:30 p.m. and Chair Waterfield reported that the Board of Regents took no action during Closed Session.

## **Adjournment**

The Board adjourned for lunch at 12:30 p.m.

## **Reconvene**

Chair Waterfield reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 1:18 p.m. and reported all members were present with the exception of Regent Sharon Green who would rejoin the meeting later this afternoon. He also reconfirmed that the Board took no action during Closed Session.

## **Board of Regents – Roles, Duties and Responsibilities, accepted**

Dr. Davies reported that another discussion point which occurred during the Board Advance in August was the creation of a document outlining the roles, duties and responsibilities of the Board of Regents. These guidelines would be utilized for new Regent orientation, as well as ongoing training for current members of the Board. Regents Williams and Guess assisted in drafting the document which has been presented to the Board for consideration. This work included reviewing best practices by AGB and AASCU and consultation from the University General Counsel. Mrs. Guess confirmed that this presented an opportunity for the Board to review its roles and responsibilities and whether individual members are meeting those goals. This exercise also provided a means of having an honest assessment whether there are things the Board does not fully understand so there is an avenue for the Board or individual members to receive any necessary training.

Mr. Rhoads moved that the Board of Regents accept the Roles, Duties and Responsibilities of the Board of Regents document as presented by the University administration. Mrs. Guess seconded and the motion carried.

(See Attachment #4)

## **Committee Reports/Recommendations**

### **Academic Excellence and Scholarly Activities Committee**

**Jerry Sue Thornton, Chair**  
**Clinton Combs**  
**Martin Jacobs**  
**Philip Schooley**  
**Stephen Williams**

Dr. Thornton called the Academic Excellence and Scholarly Activities Committee to order at 1:22 p.m. and reported all other members were present.

## **Academic Program Reaccreditations Update, received**

Dr. Todd reported that the Institute of Engineering and the Department of Journalism and Mass Communications (JMC) had on-site program reaccreditation visits during Fall 2015 and have been recommended for reaccreditation by their respective accrediting agencies.

The Engineering Physics Program's ABET accreditation self-study and campus visit occurred during November 2015 and the results of the exit briefing were outstanding. The final and formal announcement will not be released until July or August 2016 but the fact that the visitation team cited no shortcomings virtually guarantees the final accreditation action will be favorable. Appreciation was expressed to Dean Steve Cobb, *Jones College of Science*,

*Engineering and Technology* and Danny Claiborne, Chair and Associate Professor, Institute of Engineering, for their work in ensuring a successful accreditation visit.

During the self-study and campus visit, the Accrediting Council on Education in Journalism and Mass Communications reported that the Advertising, Journalism, Public Relations and Television Production undergraduate majors in the Department of Journalism and Mass Communications were in full compliance with all nine accrediting standards and recommended that the entire Council reaffirm the accreditation for these programs when it meets in May 2016. The team report was especially complimentary of the capstone courses, campus media, student organizations, professional internship program and other experience-rich activities available to students. Appreciation was expressed to Interim Dean Gerry Muuka, *Arthur J. Bauernfeind College of Business*, JMC Department Chair Bob Lochte and the faculty, staff and students in this area.

This update was submitted for information purposes only and required no Board action.

#### **Notice of Academic Program Name Change – Undergraduate Research and Scholarly Activities Program to Office for Research and Creative Activity, received**

Dr. Todd reported that a change in program name is being made from the Undergraduate Research and Scholarly Activities Program (URSA) to the Office of Research and Creative Activity (ORCA). URSA was originally funded by a Howard Hughes grant to increase the number of undergraduate students involved in research and other scholarly activities. While the URSA Program has been quite successful in supporting undergraduate research, it has been discovered that the majority of students served were from the natural and behavioral sciences, as well as a small number of departments in the humanities. The URSA Board has recommended that the change to a more inclusive name will encourage students from all disciplines to seek support from the program and with the name change to ORCA, services will also be provided to graduate students. This expansion will enable both undergraduate and graduate students to seek support for their research/creative activity/scholarly activities as well as travel to professional conferences to present the results of their work. ORCA will also assume responsibility for gathering data on student involvement in research/creative activity/scholarly activities which will help with strategic planning, program assessment and reporting to the CPE and various accreditation agencies. This program name change has the support of the Office of the Provost and Vice President for Academic Affairs.

This update was submitted for information purposes only and required no Board action.

#### **Academic Programs Update, received**

Dr. Todd reported that two new program certificates and one new program track have been developed. The Communication Disorders: Interdisciplinary Brain Injury Studies Graduate Certificate will help prepare professionals from a broad range of disciplines to play a leadership role in providing services and support to individuals who have acquired a brain injury as well as to their caregivers. The curriculum emphasizes an interdisciplinary perspective of the cognitive impairments and concomitant behavioral issues facing individuals and their families as well as a biopsychosocial approach to neurorehabilitation. The faculty in these areas have done a terrific job of bringing this certificate to fruition.

The Psychology: Research Design and Analysis Graduate Certificate is designed to complement traditional, disciplinary graduate and professional degree programs. The certificate program will enable students and professionals in fields such as psychology, business, education, health, science, government and technology to enhance their skills in collecting and analyzing data, interpreting and making decisions based on statistical methods and techniques and applying data analysis tools to solving problems in a variety of areas. This has represented a focused, faculty-led effort.

The Bachelor of Arts in Business/Bachelor of Science in Business in Finance/Commercial Banking Track will be added to the Area in Finance and will provide specialized coursework for students preparing for a career in commercial banking or bank examination. Several years ago Dr. Jackson helped establish the Center of Banking Advisory Board. One key faculty member – Dr. Steve Lacewell, Professor of Economics and Finance and Director, Center of Banking –

works closely with the Center and all are pleased this track has been developed and courses are moving forward.

This update was submitted for information purposes only and required no Board action.

### **Department Chair Appointments Update, received**

Dr. Todd reported that appointments for the following academic administrative positions have been approved for the 2015-16 fiscal year:

- Department of Management and Marketing – Dr. Joy Humphreys (Interim Chair) – Dr. Terry Holmes requested to return to a 9-month position.
- Department of Political Science and Sociology – Dr. Choong-Nam Kang (Chair) – Dr. Kang has served as Interim Chair since July 1, 2015.
- Department of Occupational Safety and Health – Dr. Tracey Wortham (Interim Chair) – Dr. Gary Morris requested to return to a 9-month position.
- As reported at the Board Advance, in order to better reflect the work of the area that is under the direction of Dr. Brian Van Horn, his title has been changed from Dean of Regional Academic Outreach to Associate Provost for Regional Academic Outreach.

These appointments have the support of the Office of the Provost and Vice President for Academic Affairs. On behalf of the Academic Excellence and Scholarly Activities Committee, Dr. Thornton congratulated all on their respective appointments/title changes.

This update was submitted for information purposes only and required no Board action.

### **Adjournment**

The Academic Excellence and Scholarly Activities Committee adjourned at 1:32 p.m.

### **Audit and Compliance Committee**

**Daniel Kemp, Chair**  
**Susan Guess**  
**Jenny Sewell**  
**Harry Lee Waterfield II**

Mr. Kemp called the Audit and Compliance Committee to order at 1:32 p.m. and reported all other members were present.

### **Audited Financial Reports – General, discussed**

Jeff Winter, Partner and Pat Miller, Manager – RubinBrown – presented the following:

- Appreciation was expressed to Ms. Dudley and her staff in the Accounting and Finance area who provided their undivided attention to the audit process and gave the auditors full cooperation and assistance. There were no limitations placed on the auditor's ability to conduct procedures. Staff were prepared, it was obvious they take the audit process very seriously and they played an instrumental role in helping to prepare the ViewPoints document being presented to the Board. Staff prepare the annual audit report, with assistance from the auditors, who then audit the report. The in-charge auditor – Hillary Ravellette, Accountant – is a Murray State graduate who is on campus on a daily basis making sure the workflow happens and supervising younger staff. This marks the second year RubinBrown has included a student intern in the audit process to give these students experience working in an intern capacity at a public accounting firm at the school that they attend with the eventual goal of becoming employed at RubinBrown which has not yet occurred.
- RubinBrown's charge and scope of services is auditing the financial statements of Murray State for 2015 as well as many additional deliverables. Essentially two audits are conducted – one for Murray State and one for WKMS Radio Station – in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*. Those standards require that RubinBrown plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from materials misstatement and presented in accordance with accounting principles generally accepted in the United States. The auditor's goal is to express an opinion as to this fact and that the University complied with the laws and regulations applicable to financial reporting and the federal grant work which is audited. An unmodified, clean opinion has been issued by RubinBrown for the University's financial statements for the year ended June 30, 2015. A report on compliance and internal control over financial reporting with no sufficient deficiencies or material weaknesses was required to be reported and there were no instances of non-compliance. A clean, unmodified opinion



was issued on the University's compliance with laws and regulations relative to the major programs which were audited. RubinBrown also audits the Murray State Foundation and those figures are included in a discretely presented format in the University's financial statement. The auditors opine on these numbers and there was also an unmodified, clean opinion on the Foundation's financial statements. A clean, unmodified opinion was also issued for the radio station's financial statement.

- RubinBrown also conducts a couple of compliance related ancillary reports that are required by Kentucky statute, including compliance with Kentucky House Bill 622 (accounting and related procedures) and Kentucky Lease Law Statutes. As required, a review of National Collegiate Athletic Association (NCAA) Agreed-Upon Procedures was also undertaken and there were no instances of non-compliance. The auditors do not get into all the NCAA regulations but instead deal mainly with the financial procedures applied to the statement of revenue and expenditures relative to the athletic program.
- The implementation of the new pension standards for state government agencies had a significant effect on the presentation of the financial position of the University – perhaps more significant than for any of the other universities Mr. Winter has been involved with outside of Kentucky. This is not a reflection on Murray State but rather a reflection on the state plan and the financial situation and the unfunded liabilities at the plan level that are now required to be presented in a proportional share for those participants that are part of the plan. It was necessary to record significant liabilities but it is important to note that this must be taken in context from the standpoint of the liability (\$233.5 million). This is more significant for an entity the size of Murray State proportionately than Mr. Winter has seen at other state universities that are participants in their particular state plan. This is not meant to represent a penalty but it is a true liability shared by all the participants in the plan but it is not something that has changed the economic condition or the strategic processes the University is going through with regard to the true economics and finances of the University. It is more of a financial, accounting and reporting requirement that the University must adhere to. Clarification was provided that the state of Kentucky's plan, the financial condition and the unfunded status of the plan are worse than those in other states across the country and this is being passed on to state agencies and colleges and universities. The liability is measured relative to the covered payroll because it is supposed to be representative of the ongoing service of current employees and the liability is 650 percent of the covered payroll for this plan.
- Professional standards require RubinBrown to communicate to management and accumulate all adjustments that are required as part of the audit. There were no entries prepared or uncorrected misstatements accumulated for the year ended June 30, 2015.
- There were no disagreements with management. This represents a very clean audit in terms of the work undertaken and the condition of the records that were reviewed as the audit procedures were undertaken.
- During the audit it was noted that the estimate for construction in progress provided by the contractor was not in line with auditor expectations. Through discussions with management, it was noted that the estimates provided by the contractor were as of a date other than the balance sheet date. As significant changes can occur on large construction projects, an estimate provided before year end could significantly change by year end. The estimates were not updated and caused a difference in the liability recorded and the auditor's calculation. In order to mitigate the liability being misstated, the University was asked to consider discussing this issue with contractors to determine a clear estimate of the remaining liability as of year-end. Management's response was for appropriate Facilities Management staff to confirm with contractors, as of June 30, and determine applicable balance sheet entries in order to properly record the remaining liability for construction in progress and the current liability due as of June 30.
- During the audit it was also noted that lease renewal documents were not signed for a local church. The lease was verbally renewed during the year but no signed documents were obtained, which RubinBrown recommended should occur. In response, Murray State University issued a formal Purchase Order to renew the lease based on correspondence received from the church. In the future the University will ensure signed lease agreements are obtained for all renewing leases.
- The OMB A-133 Single Audit Summary represents a compliance report. Major programs audited included the Student Financial Aid and Research and Development clusters, as well as the Small Business Development Center. RubinBrown issued an unmodified opinion on compliance for each major program and noted no reportable findings related to the Research and Development Cluster and the Small Business Development Center. One current year reportable finding required to be communicated within the A-133 report was noted in regard to the Student Financial Aid Cluster. The finding related to the fact that of the 40 students selected and reviewed for compliance with enrollment reporting requirements, two students' enrollment statuses were updated, but not within the required time period. All other students that were selected and reviewed for compliance were tested without any similar exceptions. The auditors recommended implementation of a control over enrollment reporting to ensure that statuses are updated in a timely manner and to ensure information submitted to the National Student Clearinghouse (NSC) is complete. This finding did not modify the auditor's opinion in regard to compliance. The University, in response to this finding, has implemented a new procedure to document each Unofficial Withdrawal Notification. The documentation is shared between the Financial Aid Office and the Registrar's Office. As changes are made to the documentation, electronic notifications are sent to each of these offices. NSC Walkaway

Enrollment Submission File Deadline dates have been added to each office's annual calendar with electronic alerts. An additional procedure has been implemented which documents all enrollment and degree submissions to NSC and this information is provided to both offices.

- RubinBrown also recommended that all policy changes under the new Uniform Grant Guidance should be fully implemented for the 2016 fiscal year in order for the University to be compliant. The new grant guidance is rather significant for recipients of federal monies and the auditors will no longer be conducting an audit under the Circular A-133 but, instead, will be conducting the audit under the Uniform Grant Guidance. This means that the University's policies and procedures in the grant management department need to be retooled and restructured as required to produce the necessary documentation. It is believed a large part of this work has already been undertaken. This represents documentation of the process as well as assessing controls which are used internally to adhere to compliance requirements in areas such as Accounting and Procurement to ensure those units are following their own procedures. While this does require additional reporting work there were also some simplification efforts with regard to compliance by consolidating certain allowable cost circulars in an effort to simplify the processes. This requirement will be in effect for the audit next year and will be reviewed by the auditors to ensure it was put in place.
- During the prior year audit the auditors noted instances where invoices related to fiscal 2014 expenses were received at or shortly after year-end but were recorded as fiscal 2015 activity. These items and related liability should have been accrued as of fiscal year 2014 because the underlying activity generating the expense occurred prior to June 30, 2014. In order to mitigate the possibility of recording expenses in an improper period, the recommendation was made for the University to consider implementing procedures to analyze and accrue for current year invoices not received until after June 30. Although some immaterial accruals that should have been made in 2015 were noted during the audit, the University has implemented new procedures to expedite its closing process and record only payables that individually and in the aggregate are material.
- During the prior year audit the auditors also noted instances in which costs incurred for capital projects were improperly expensed, certain amounts related to construction-in-progress were not placed in service during the proper timeframe and amounts of retention were not capitalized appropriately. In order to mitigate the possibility of improper recognition of capital project costs, a recommendation was made for the University to consider implementing a more timely review process to ensure that all capital costs are properly recorded as either an expense or asset based on their underlying nature and amount to ensure the financial records include the most current information. The University has implemented the recommendation.
- A ratio analysis was provided for the University which includes the Murray State Foundation due to the close interrelationship between the two entities. From a financial standpoint, 2015 represented a positive financial year and although some challenges remain there is a nice trend in regard to the increase in tuition and revenues. In terms of ratios, the University is above the recommended threshold with regard to the primary reserve, viability, return on net position and net operating revenues ratios.
- Information was presented with regard to trends with revenues and expenses. There was an increase of approximately \$10 million with regard to revenues (5.4 percent) due mainly to increased tuition and fees. Expenditures increased but at a lesser clip resulting in a surplus for the fiscal year (excluding the pension adjustments). This is positive from the standpoint of the prior year.
- Information was provided on revenue fluctuations and various observations were presented. The data provided reiterates the increases in the major revenue categories. State appropriations were flat and the \$4.2 million increase shown relates to a capital appropriation which did not exist in the prior year.
- An analysis of operating expenses was undertaken and included information on scholarships, operations (including depreciation, non-capitalized equipment and auxiliary utilities), utilities (excluding auxiliary utilities) and compensation and benefits (salary increases plus increased health insurance costs).
- RubinBrown is required to present a Representation Letter to the Board and that information was included in the materials provided.

In response to a question regarding how money flows from the state for construction projects, Ms. Dudley indicated the University expends the funds first but is then reimbursed. A local account is maintained and a daily request is made for the state to transfer funds to that account to cover costs for capital construction at the University. Due to the volume of activity associated with construction projects, this can be a complex process to monitor over a number of years. All costs must be accumulated and then once the project is completed and placed in service it is re-classified as a depreciable asset which is much easier to account for because it remains static.

### **Audited Financial Reports – General, accepted**

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the following general audited financial statement reports for 2014-15:

- Presentation of Results of the Annual Audit Report (includes Representation Letter)
- Auditor Communications
- Independence/Peer Review Letter
- House Bill 622 Compliance Report for the Year Ended June 30, 2015
- Kentucky Lease Law Compliance Report for the Year Ended June 30, 2015
- General Financial Statements for the Year ended June 30, 2015

Mrs. Sewell seconded and the motion carried.

**Audited Financial Statement – Federal Funds (A-133), accepted**

Ms. Dudley indicated the Federal Funds A-133 audited financial statement relates to individual program reviews. A federal funds audit represents an audit of all federal expenditures, including federal financial aid. There was only one finding with regard to the timeliness of reporting student status information to the NSC and this was outlined in detail earlier.

On behalf of the Audit and Compliance Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, accept the following Audited Financial Statement – Federal Funds (A-133) – for 2014-15:

- U.S. Office of Management and Budget Circular A-133 for the Year Ended June 30, 2015

Mrs. Guess seconded and the motion carried.

**Annual Audit Report – Athletic, accepted**

Ms. Dudley reported that the National Collegiate Athletic Association (NCAA) Agreed-Upon Procedures means that a number of agreed-upon procedures have been established, as recommended by the NCAA, and the auditors review those procedures and any findings. There were no findings of note in this regard.

On behalf of the Audit and Compliance Committee, Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, accept the following report for 2014-15:

- NCAA Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2015

Mrs. Guess seconded and the motion carried.

**Audited Financial Statement – WKMS-FM, accepted**

Ms. Dudley reported this represents a program audit for WKMS-FM and because the figures associated with this entity are included in the University's financial statements the Corporation for Public Broadcasting (CPB) requires that a separate report be issued because it consistently provides grant funds to the University for WKMS.

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the following reports for 2014-15:

- Auditor Communications
- Audited Financial Statement for WKMS-FM for the Year Ended June 30, 2015

Mr. Waterfield seconded and the motion carried.

## **Adjournment**

Appreciation was expressed to RubinBrown for the reports presented. The Audit and Compliance Committee adjourned at 2:02 p.m.

## **Audit and Compliance Committee – Full Board Action**

### **Audited Financial Reports, accepted**

On behalf of the Audit and Compliance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, accept the following:

- **Audited Financial Statements – General**
  - Presentation of Results of the Annual Audit Report (includes Representation letters)
  - Auditor Communications
  - Independence/Peer Review Letter
  - House Bill 622 Compliance Report for the Year Ended June 30, 2015
  - Kentucky Lease Law Compliance Report for the Year Ended June 30, 2015
  - General Financial Statements for the Year ended June 30, 2015
- **Audited Financial Statement – Federal Funds (A-133)**
  - U.S. Office of Management and Budget Circular A-133 for the Year Ended June 30, 2015
- **Audited Audit Report – Athletic**
  - National Collegiate Athletic Association Independent Accountant's Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2015
- **Audited Financial Statement – WKMS-FM**
  - Auditor Communications
  - Audited Financial Statement for WKMS-FM for the Year Ended June 30, 2015

Mr. Williams seconded and the motion carried.

(See Attachments #5 - #14)

Appreciation was expressed to Vice President Dudley and her staff for their excellent work which led to the positive audit results presented.

## **Buildings and Grounds Committee**

**Sharon Green, Chair**  
**Clinton Combs**  
**Daniel Kemp**  
**Jerry Rhoads**  
**Philip Schooley**

In the absence of Ms. Green, Mr. Schooley called the Buildings and Grounds Committee to order at 2:04 p.m. and reported all other members were present.

### **Major Projects Update, received**

David Burdette, Interim Chief Facilities Officer, and Jason Youngblood, Assistant Director for Facilities Design and Construction, reported the following:

- Project boards were displayed to show the construction status of the Engineering and Physics Building and confirmation was provided that everything is moving along as planned and the project is on schedule. There are a few items outstanding which could result in exchange orders but those are not extreme. A request has been made for extra building envelope components that could be added to the project to ensure the University receives an even better building.
- The status for Franklin Hall is similar and that project is also on schedule. A few elements have been added through change orders to provide extra envelope commissioning resulting in a tighter envelope

on the building. The commissioning effort has also been increased so there is extra oversight for construction of this facility.

- The Breathitt Veterinary Center is close to being under roof and the goal is to have the building under roof and heated during winter so interior finishes can be started. The project is approximately 35 days behind schedule due mainly to the wet weather starting 12 months ago. Contractors are making up some of that time and may still finish ahead of the new schedule.
- Plans are being completed for the second story fit-out for the *Hopkinsville Regional Campus* facility. It was hoped this project would be let out for bid before the Christmas break but that will now likely not occur until after the first of the year. All believe there is still ample time to have the project bid and completed in time for classes in August 2016.
- An excellent groundbreaking ceremony was recently held for the *Madisonville Regional Campus* facility and the goal is to have this project bid and under construction soon. Mr. Rhoads confirmed that a “real” groundbreaking is being projected for March. An on-stage groundbreaking was held in October and featured remarks from Governor Steve Beshear. Although there were 300 programs printed, the event was so well attended organizers ran out of programs. The Governor gave an excellent speech and received well-deserved credit for the “Build Smart” program he initiated and the \$900,000 which was contributed to that fund. The Madisonville community met its fundraising goal and work continues for Murray State to meet its portion of the fundraising effort. Confirmation was provided that the University’s Information Technology experts have been involved in the *Madisonville Regional Campus* planning process to ensure technology in this facility will be on the Murray State network functions as intended.
- Temporary measures have been put in place to address issues in the Chemistry and Biology buildings and this allowed for classes to be held during the Fall. All involved are working on developing a permanent solution although that work is not progressing as quickly as the University would like. This past Monday a conference call was held which involved 19 individuals and the goal was to begin to identify “fixes” but instead many of the contractors took the University participants back through what they already knew. The goal is to identify permanent solutions to address the fume hood issue in Chemistry and also the air handling and pressure systems in both the Biology and Chemistry buildings in order to have those fixed in time for Fall 2016 classes. Confirmation was provided that classrooms are currently functional although permanent fixes have not been made. It is anticipated work to implement permanent solutions to these issues will be undertaken over the summer. Work is currently underway with Biology and Chemistry faculty to determine how classes can be offered over the summer while major reconstruction is taking place within those facilities.
- A Major Projects Update has also been provided to the Board and represents information presented on a quarterly basis.

In response to a question, confirmation was provided that there are areas, particularly within the Biology Building, where holes in the walls made by contractor nails were not filled in and the humidity appears to have seeped through and when it reached the metal on the inside it condensed and turned to water. It has also been determined that at the time the facility was constructed proceeding in this fashion did not fall outside of the construction realm. It does not represent standard practice but it is also not frowned upon. This is only one of many issues that need to be addressed, however, but is also why extra measures – such as stepping up what the exterior envelope does and how it is sealed – are being undertaken in the new facilities currently being constructed to ensure this does not occur again. The individuals overseeing this work for the University are consistently writing reports and making recommendations as building construction progresses. Recommendations that have been made to this point indicate if the air handling issue is addressed there should be no further action required in regard to the exterior envelope of the building. The University is also asking how to appropriately cover up those areas where there are known issues with the nail holes but a recommendation has not yet been provided.

This update was submitted for information purposes only and required no Board action.

#### **Campus Master Plan – Land Acquisitions Report, approved**

Ms. Dudley indicated the Campus Master Plan was discussed earlier in the morning. On behalf of the Buildings and Grounds Committee, Mr. Combs moved that the Board of Regents, upon the recommendation of the President of the University, approve the updated Land Acquisitions portion of the Campus Master Plan. Mr. Kemp seconded and the motion carried.

#### **Disposition of Equine Center Student Residence (Building #0241), approved**

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Resolution

authorizing the disposition of the structure located on the West Farm known as the Equine Center Student Residence (Building #0241) in Murray, Kentucky, as submitted. Mr. Combs seconded and the motion carried.

#### **Winslow Dining Hall Renovations – Program Statement, approved**

Mr. Burdette reported that work has been undertaken over the past several months to determine how best to renovate Winslow Dining Hall. The facility is in a centralized location and serves over 3,000 residential students as well as faculty, staff and visitors. The facility is “tired” and needs renovation and updating. The primary thrust of the recommendation being presented to the Board for approval will help gain efficiencies in how food is produced and served and how the dishes are cleaned. There is a desire to be able to show students where and how their food is actually being prepared. The original concept was for a \$4.5 million renovation and, given the current climate, that has now been scaled back to a \$2 million renovation project and there is cash on hand (Dining Services savings) to complete the project. Confirmation was provided that this project is in the 2016-18 Capital Budget. The goal is to complete the Winslow Dining Hall renovation during Summer 2017. It was also indicated that even though no state funds will be utilized for the renovation the project requires approval in the Governor’s Budget because it is over \$600,000 in scope.

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the program statement for the renovations to Winslow Dining Hall for a scope not to exceed \$2 million, pending authorization of this project in the *2016-18 Commonwealth of Kentucky Budget*. Mr. Combs seconded and the motion carried.

#### **Adjournment**

The Buildings and Grounds Committee adjourned at 2:20 p.m.

#### **Buildings and Grounds Committee – Full Board Action**

##### **Campus Master Plan – Land Acquisitions Report, approved**

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the updated Land Acquisitions portion of the Campus Master Plan. Mr. Kemp seconded and the motion carried.

##### **Disposition of Equine Center Student Residence (Building #0241), approved**

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Resolution authorizing the disposition of the structure located on the West Farm known as the Equine Center Student Residence (Building #0241) in Murray, Kentucky, as submitted. Mr. Williams seconded and the roll was called with the following voting: Mr. Combs, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. Ms. Green was absent. The motion carried.

(See Attachment #15)

#### **Winslow Dining Hall Renovations – Program Statement, approved**

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the program statement for the renovations to Winslow Dining Hall for a scope not to exceed \$2 million, pending authorization of this project in the *2016-18 Commonwealth of Kentucky Budget*. Mr. Combs seconded and the roll was called with the following voting: Mr. Combs, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. Ms. Green was absent. The motion carried.

## **Enrollment Management and Student Success Committee**

**Jenny Sewell, Chair**  
**Clinton Combs**  
**Sharon Green**  
**Philip Schooley**

Mrs. Sewell called the Enrollment Management and Student Success Committee to order at 2:20 p.m. and reported all other members were present with the exception of Ms. Green.

### **Fall 2015 Enrollment Report, received**

Mr. Dietz reported the following:

- The University experienced a 1.9 percent decrease in overall enrollment (approximately 200 students). Current enrollment stands at 10,998 which is the second largest enrollment in Murray State history. The enrollment decreases came from the following areas:
  - First-time freshmen enrollment decreased by 2.7 percent.
  - First-time transfer enrollment decreased by 17.4 percent.
  - International student enrollment decreased by 6 percent.
  - Graduate student enrollment decreased by 1.9 percent.
- Undergraduate total enrollment for Fall 2015 was 9,268 students, a decrease from 9,444 students in Fall 2014. Although the number of full-time undergraduate students decreased, the number of part-time undergraduate students increased.
- Graduate total enrollment for Fall 2015 was 1,730 students, a decrease from 1,763 students in Fall 2014. Although the number of part-time graduate students decreased, the number of full-time graduate students increased.
- The full-time equivalent for Fall 2015 is 8,850, a decrease from 8,980 in Fall 2014.
- Enrollment trends over the past five years were presented for total, undergraduate and graduate enrollments. Last year the University experienced its largest enrollment and although enrollment decreased this year it still represented the second largest enrollment for the institution.
- Generally when full-time equivalent (FTE) and credit hours generated numbers are reported they represent smaller numbers than first-time numbers. The FTE for first-time freshmen of 1,476 is higher than the first-time freshmen class of 1,468 and this is an anomaly. In working with the Registrar on this issue, it appears that the University has more full-time freshmen than part-time freshmen. While there are fewer graduate students as a whole, there are more full-time graduate students which increased the FTE in terms of this population. Confirmation was provided that while enrollment numbers are down revenue could still be up given the number of full-time students and that is why it is so important to identify the right mix of students for Murray State. Confirmation was provided that even though freshmen numbers were down the number for returning students was up.
- First-time freshmen enrollment is down slightly from last year. The University peaked in terms of first-time freshmen in Fall 2012 (1,626 students) but there has been a gradual decline in first-time freshmen since that time. The reasons for these decreases are being addressed and the new scholarship model will certainly help with this work as will having a recruiter for the Louisville area and for the minority populations.
- Demographics are crucial to enrollment and Murray State is in an area that is down in terms of high school numbers and this is not likely to improve until 2021 (based on the number of students in the elementary school population). Clarification was provided that nationwide, and certainly from the region, there is a decline in the number of high school freshmen. The odd occurrence for the Fall was the increase in students from the 18-county service region.
- While overall enrollment decreased, there are some encouraging signs regarding the freshmen academic profiles:
  - First-time freshmen high school rank within the top 25 percent increased from 43.2 percent to 45.3 percent.
  - First-time freshmen ACT average increased from a 22.6 to a 23.3.
  - First-time freshmen from the 18-county service region increased by 1.5 percent.
  - The bottom 25 percent of enrolling freshmen students decreased from 8.3 percent to 7.8 percent.
  - New admission criteria are in place for Fall 2016. No issues are being presented by the new admission requirements for Fall 2016. More students have been denied admission than in the past but this has not represented a large number. The applicant pool for Fall 2016 is also very strong.
- First-time freshmen (all), which includes all new enrolled freshmen regardless of full-time or part-time status, for Fall 2015 was 1,468 students representing a decrease from Fall 2014 (1,508). First-time freshmen full-time equivalent (includes all new full- and part-time freshmen, adding up credit hours taken for new freshmen and dividing by 1.5 CPE guideline) for Fall 2015 is 1,476, compared to 1,494 in Fall 2014. The number of first-time freshmen full-time, which includes all new freshmen taking a minimum of 12 hours as per the federal financial aid definition, for Fall 2015 is 1,459, compared to 1,490 in Fall 2014.

- First-time freshmen enrollment by 18-county service region shows an increase of 16 students over Fall 2014 from the counties of Caldwell, Christian, Hickman, Hopkins, Lyon, Marshall, Union and Webster. On a year-to-year basis the 18-county enrollment comparison is very fluid. There was a decrease in the number of students from Trigg County and one of the reasons for that is a senior decided to attend a competitor institution and took a large number of students along with her. Although a decrease occurred for Henderson County students, it is believed the new partnership that is in place with the University will help those numbers rebound.
- Confirmation was provided that free tuition programs for students to attend a community college for the first two years free of charge are becoming more frequent – such as those in McCracken County and Hopkinsville. As all are aware, it is nearly impossible to compete against free tuition.
- Confirmation was provided that ten-year averages for the number of students from the 18-county service region are tracked to establish an average for a given county and this information will be provided to the Board.
- In response to a question regarding whether the 2+2 programs, over time, will enhance enrollment at the University, Mr. Dietz indicated these programs are important especially with regard to transfer students. Transfer enrollment tends to follow community college enrollment. Statewide community college enrollment is in decline, with an approximate decline of 20,000 students over the past five years. The University must be very proactive on the back end in attracting those students who have elected to attend a community college their first two years.
- Dr. Davies added that the University is enhancing scholarship opportunities for transfer students but for top achieving students the scholarship dollars available to freshmen will not be replaced for new transfers and this is a message that sometimes gets lost. The University continues to see an enrollment increase in dual credit opportunities – almost doubled over the past five years. There are many opportunities for high school students starting their junior year to take credit through Murray State either on their campus, online or on the main campus in Murray. This has grown significantly over the years and students are entering the University with more and more credit hours. Out of 918 students enrolled in dual credit courses, the University is able to attract roughly one-third to complete their degree, although in some areas the numbers are higher.
- Transfer enrollment decreased this Fall and one main reason for this is last Fall the University experienced a significant increase in transfer enrollment due to Mid-Continent closing. This population was not part of the transfer enrollment mix this year which also affects transfer numbers from the 18-county service region, especially in Graves and McCracken counties.
- Total Kentucky African American enrollment also declined by 24 students and for the institution as a whole declined by approximately 20 students. These declines resulted from a smaller freshmen class and a smaller transfer class. Measures have been implemented for 2016 to help address this decline. An individual has been hired to focus on minority recruitment from the Louisville area and this work is progressing well. The University had been experiencing a good trend in terms of increasing African American enrollment until this year. Dr. Thornton indicated that they may also be a result of the community college situation because the University is going after a bigger market share of a dwindling population.
- Initiatives in the Louisville area include hiring a recruiter based out of Louisville who is charged with recruiting in this area and is also in charge of minority recruiting. More programming is also being offered by the University in the Louisville area. Regent Williams was commended for his assistance in sponsoring a dinner held in Louisville to meet with area Guidance Counselors. This Fall the University has put more “boots on the ground” in this area than in years past.
- The University experienced an approximate 6 percent decline in international enrollment this year and this represents the first year in quite some time that this has occurred. Some countries have stopped sponsorship of students coming to the United States and that accounts for some of the decline. There was also capping of enrollment in some areas that could not handle additional students and that affected both undergraduate and graduate international students.
- First-time graduate enrollment increased from 447 students in Fall 2014 to 457 students in Fall 2015 and this number includes 48 students pursuing doctoral degrees.
- The following enrollment summary was provided:
  - Murray State experienced a slight drop in new freshmen, due to declining high school populations in Kentucky, along with the addition of the Tennessee Promise Program which allows Tennessee students to attend a community college for free. The University saw 34 fewer freshmen from Tennessee compared to the Fall 2014 class.
  - Murray State experienced an increase in new transfer students for the Fall 2014 semester due to the closing of Mid-Continent University. That closing added approximately 120 students to Murray State and the University did not have that enrollment increase for the Fall 2015 semester.
  - Murray State experienced a decrease in international numbers due to graduate programs capping enrollment. The University did not have the additional resources necessary to accommodate new international students in certain international graduate programs. This refers to a program cap and was not due to not having necessary classroom space. Dr. Jacobs added that this is also due to there not being enough faculty in some programs to accommodate additional students. Dr. Todd confirmed there is a group in place that is undertaking work to strategize to address this issue in the affected programs. Also adding to the decrease was that there were fewer



international exchange students coming to Murray State which coincided with the Brazilian government ending sponsorship of students studying in the United States.

- Although the report presented was not the most pleasant, Mr. Dietz is very optimistic moving forward. Initiatives have been put in place through the Strategic Plan that will help increase enrollment moving forward.

Mr. Rhoads believes the University can significantly increase enrollment from the Daviess County area. Dr. Davies travelled to Daviess County to attend a BBQ dinner at Moonlite and there was a good turnout for this event. A former Regent helped put the event together and continues to be very interested in assisting the University in its efforts in this region. This represents a fertile area for increased enrollment for Murray State and that should certainly be taken into consideration.

This update was submitted for information purposes only and required no Board action.

### **Adjournment**

It was noted that Ms. Green joined the Enrollment Management and Student Success Committee at 2:25 p.m. The Enrollment Management and Student Success Committee adjourned at 2:42 p.m.

### **Finance Committee**

**Stephen Williams, Chair**

**Martin Jacobs**

**Jerry Rhoads**

**Jerry Sue Thornton**

Mr. Williams called the Finance Committee to order at 2:42 p.m. and reported all other members were present.

### **State Endowment Match Program Annual Report, accepted**

Mr. Williams reported that the Council on Postsecondary Education requires this Board to approve the annual Endowment Match Program report which summarizes the programmatic and financial results of the program at Murray State during fiscal year 2014-15 and highlighted the following:

- Murray State has received all of its matching funds and it has also received all of its private matching funds as of June 30, 2014. Since the inception of the program in 1998, the University has received \$10,070,787 in state matching funds and \$10,070,787 in private matching funds for a total endowment increase of \$20,141,574.
- As of June 30, 2015, the total market value of the 41 endowment accounts established under this program was \$22,254,094. Total state funds received for the *Bucks for Brains* endowment program since its inception during the 1998-2000 biennium equal \$10,024,525. With the addition of the \$46,262 for two capital projects, the total state matching funds received increases to \$10,070,787.
- All private matching funds have been received as of 2013-14 and, therefore, total funds received for the *Bucks for Brains* endowments equals \$20,141,574. Total expenditures for endowment operations for 2013-14 equaled \$730,587 and investment earnings totaled \$1,626,481.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the Endowment Match Program Report for the period ended June 30, 2015, as required by the Kentucky Council on Postsecondary Education, as submitted. Dr. Jacobs seconded and the motion carried.

### **Finance Committee – Full Board Action**

### **State Endowment Match Program Annual Report, accepted**

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the Endowment Match Program Report for the period ended June 30, 2015, as required by the Kentucky Council on Postsecondary Education, as submitted. Dr. Thornton seconded and the motion carried unanimously.

(See Attachment #16)

**Authorization for Issuance of General Receipts Refunding Bonds (2016 Series A)**  
**Resolution, adopted**

Ms. Dudley reported that work has occurred over the past several months on refunding some of the University's current bonds. The oldest bonds, which are still outstanding, are from 2007-08 and were issued for Richmond Hall. These bonds were issued for \$14.5 million in July 2007. There is approximately \$8.5 million of this amount outstanding and after the first of the calendar year it would be to the University's benefit to refund those bonds.

Mark Rawlings with Hilliard Lyons, which serves as Murray State's Bond Advisor reported that the bonds being considered today were issued in 2007. Rates are at historic lows and have been for the last several years. All are optimistic that rates will remain low at the beginning of next year. The average rate on the bonds outstanding for this issue is at about 450. What is being considered is replacing that with a 250. This will generate a fairly substantial cash flow savings for the University in the amount of approximately \$165,000 per year. Some of this savings results from freeing up the pool of money that was funded with the original bonds. The 2007 bonds were actually issued as General Receipts but they are still under the old Housing and Dining indenture and the University funded a debt service reserve with those bonds but that is no longer required with General Receipts bonds. The University will have \$165,000 in cash flow savings per year but when the impact reserved is netted out the net present value savings are approximately \$635,000 which is 7.23 percent of the refunded principle. The Office of Financial Management in Frankfort, Kentucky, requires 5 percent and even if rates increase slightly after the start of next year the University will still be in a good position to be able to refinance these bonds and save a fair amount of money. The current plan includes a couple of state approvals that must be received, including that of the state Capital Projects and Bond Oversight Committee as well as the state Property and Building Commission. Once those approvals have been received by Hilliard Lyons, they are currently scheduled to sell bonds on January 21, 2016, with the closing in early February. At this point the new bonds will be in place and the old bonds will be replaced. Ms. Dudley clarified in regard to the reserve this represents funds that cannot be utilized for other purposes and this action is being taken to lower interest rates and provide the University with a savings on its annual Housing and Dining payments.

Mr. Rawlings reported that currently the University is only required to carry a bond rating with Moody's and Murray State is currently rated AAA3 which is also the state's rating.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, adopt the Resolution providing for the authorization, issuance and sale of approximately \$8,470,000 in General Receipts Refunding Bonds (2016 Series A), pursuant to the Trust Agreement dated as of May 1, 2007. Dr. Jacobs seconded and the motion carried.

**Finance Committee – Full Board Action**

**Authorization for Issuance of General Receipts Refunding Bonds (2016 Series A)**  
**Resolution, adopted**

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, adopt the Resolution providing for the authorization, issuance and sale of approximately \$8,470,000 in General Receipts Refunding Bonds (2016 Series A), pursuant to the Trust Agreement dated as of May 1, 2007. Mrs. Sewell seconded and the roll was called with the following voting: Mr. Combs, yes; Ms. Green, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. The motion carried unanimously.

(See Attachment #17)

**Personal Services Contracts, approved**

Mr. Williams reported that the Board of Regents' Delegation of Authority document states that the Board will approve all Personal Services Contracts totaling more than \$50,000 and the Board will be notified of all Personal Services Contracts between \$10,000 and \$50,000 before they are

submitted to the Legislative Research Commission. Upon review, individual Board members may request that these be held for approval at the next Board meeting.

Ms. Dudley indicated that the listing of Personal Services Contracts includes the third year of the RubinBrown audit contract extension. Three years ago the Board approved this three-year extension but that approval is brought back to the Board annually.

On behalf of the Finance Committee, Dr. Jacobs moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts provided per requirements of the Delegation of Authority (Item #11). Dr. Thornton seconded and the motion carried.

### **Finance Committee – Full Board Action**

#### **Personal Services Contracts, approved**

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts provided per requirements of the Delegation of Authority (Item #11). Ms. Green seconded and the roll was called with the following voting: Mr. Combs, yes; Ms. Green, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. The motion carried unanimously.

(See attachment #18)

#### **Personal Services Contracts – Schedule of Expenditures Report, received**

Mr. Williams reported that a listing provided in the eBoard book depicts the Personal Services Contracts executed since the last Board of Regents Meeting. In the past, this listing was included in the Quarterly Financial and Investment Reports but, per the Board's request, is now being presented as a separate informational item.

This update was submitted for information purposes only and required no Board action.

#### **Banking Collateralization Procedure, approved**

Ms. Dudley reported that U.S. Bank is the University's contracted bank that is utilized locally for all required services. The bank approached the University several weeks ago requesting a move from the current specific collateralization to a *Letter of Credit* collateral product. Banks within the industry are working with their clients to make this move as well because a *Letter of Credit* is much less expensive for the banks to hold instead of specific securities in the University's name. Confirmation has been received that this approach is acceptable as per Kentucky Revised Statute 41.240(5) and the Commonwealth's Office of Financial Management has confirmed the *Letter of Credit* collateral method is in compliance with statute. The University's auditors have reviewed the proposal and see no issue other than a required note disclosure change in the FY16 audit. The University will not save anything but will not see an increase in fees. Confirmation was provided that U.S. Bank would issue the *Letter of Credit* from another bank and that entity is not currently known.

On behalf of the Finance Committee, Dr. Jacobs moved that the Board of Regents, upon the recommendation of the President of the University, grant approval for University officials to work with U.S. Bank to transition to a *Letter of Credit* method of collateralizing deposits held for Murray State University, effective January 1, 2016. Dr. Thornton seconded and the motion carried.

### **Finance Committee – Full Board Action**

#### **Banking Collateralization Procedure, approved**

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, grant approval for University officials to work with U.S. Bank to transition to a *Letter of Credit* method of collateralizing deposits held for

Murray State University, effective January 1, 2016. Ms. Green seconded and the motion carried unanimously.

#### **Facilities and Technology Projects Fund Designation, approved**

Ms. Dudley reported that two schedules are being presented to the Board for approval. The first represents projects with estimated costs of \$200,000 or less and the second includes projects with estimated costs over \$200,000 which were reviewed by the Board Chair and the President. The Board of Regents' Delegation of Authority Item #20 states that prior to moving forward, all projects costing over \$200,000 and up to the threshold denoted by Kentucky statute should be reviewed by the Board Chair and the President and a determination made in terms of those projects requiring further Board approval. In order to secure funding for the completion of the projects as outlined, designation of the source of funds by the Board of Regents is needed.

On behalf of the Finance Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the scheduled projects presented. Dr. Jacobs seconded and the motion carried.

#### **Finance Committee – Full Board Action**

#### **Facilities and Technology Projects Fund Designation, approved**

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the scheduled projects presented. Mr. Combs seconded and the roll was called with the following voting: Mr. Combs, yes; Ms. Green, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. The motion carried unanimously.

(See Attachments #19 and #20)

Mr. Williams expressed appreciation to Ms. Dudley for the tremendous amount of work she has personally undertaken. Dr. Davies recognized another member of the financial team – Carl Prestfeldt, Director, Fiscal Planning and Analysis – and reported this will be his last Board meeting due to retirement. Mr. Prestfeldt is a long-time staff member and his good work is felt throughout the University through his diligent budget planning and analysis work. He has been an ardent supporter and advocate for Murray State and has worked at the CPE level on many issues. It has been a true joy to work with Mr. Prestfeldt and all are sorry to see him leave but very much appreciate his outstanding work.

#### **Adjournment**

The Finance Committee adjourned at 2:55 p.m.

#### **Legislative and Economic Development Committee**

**Jerry Rhoads, Chair**  
**Susan Guess**  
**Daniel Kemp**  
**Jenny Sewell**  
**Harry Lee Waterfield II**  
**Stephen Williams**

Mr. Rhoads called the Legislative and Economic Development Committee to order at 3 p.m. and reported all other members were present. Appreciation was expressed to Dr. Todd and Jordan Smith, Director of Governmental Relations, for their good work and advice. He also asked Dr. Jackson to join the presenters due to his integral involvement in the legislative aspect of this work because he will be spending a great deal of time in Frankfort as he customarily does.

## **Legislative and Economic Development Update, received**

Mr. Rhoads reported the following:

- The Board has already been made aware that Dr. Gil Mathis, *Professor Emeritus* and former Chair of the Department of Economics and Finance, is in the process of gathering data on a three-phase basis. The first is to undertake a comprehensive study/survey of faculty and staff and their economic purchases in the region. Second, an analysis of events that come to Murray such as athletic events, theatrical performances, lectures, etc. is currently underway. Third, a student survey will be administered to survey the economic impact of purchases made by Murray State students. It is anticipated by the summer meeting the Committee will be in a position to deliver that report to the full Board. This will represent a helpful tool in many respects to publicize the importance of Murray State's economic impact to the area because most people probably underestimate the University's importance. Next Fall, the second Economic Development Summit is being planned which will highlight various economic development initiatives and include workshops over a ten-day period. The first Economic Development Summit was held a couple of years ago and featured former Lt. Governor Jerry Abramson, along with economic development professionals.
- The University was honored to recently host the Interim Joint Committee on Appropriations and Revenue and many in this room attended this very successful event. It is not often that a legislative committee meeting is hosted in the Purchase region. This represented a very good meeting with over 50 legislators in attendance. Dr. Todd welcomed the group at the luncheon and Dr. Davies provided an update on the University. All in attendance were also delighted to visit with a student legislative intern (from Frankfort). She did an excellent job impressing everyone, especially Derrick Graham, Chair of the Education Committee, who is also from Frankfort. Overall this provided a good opportunity to showcase Murray State University and make a positive impression on the legislators in attendance.
- The first day of the Legislative Session is January 5, 2016. Dr. Davies attended the Inauguration of Kentucky's new Governor – Matt Bevin – as well as other associated events. It is very important for Murray State's President and other representatives to have a very strong presence in Frankfort. The state budget situation is not going to be pretty and there will not be a great deal of extra money but Murray State needs to be present to make its case and this work is off to a good start. Dr. Davies also met with Governor Bevin during and after his campaign and it is of utmost importance to establish a good and close working relationship with the Governor and his administration.
- Murray State is planning a Legislative Breakfast on February 17, 2016, and it will be held in a central location in Frankfort. It is hoped having an early breakfast will result in a larger turnout because many times legislators are double and triple booked for evening events. A major push will be made through personal contact with legislators to encourage their attendance.
- The number one issue the University will be facing is funding because this represents a legislative budget session. It will be critical for Murray State to make its case because there are some tricky issues associated with this session, including performance funding. There are several twists associated with performance funding. If the CPE proposes a funding model that only involves new money, the current revenue base will not be jeopardized and the institution will be competing for its share of new money. Murray State can compete with anybody for new money if that competition is based on performance standards. If the University is forced to deal with performance funding that is applicable to a "carve out" of existing funding, this represents a different story. The University would then be scrambling and competing to get money it already has in order to protect that funding. This does not represent a desirable alternative and all need to pay close attention to this aspect of the budget process. Another issue will be equity funding because discussions have taken place about the disparity in tuition rates between Murray State and Northern Kentucky University and Western Kentucky University. The per pupil state funding for the two latter universities is less than that for Murray State and they may make a push for equity funding but these institutions are ignoring the fact that their tuition rates are significantly higher. All associated with Murray State will certainly be on guard for any initiative in support of equity funding. In response to a question, Dr. Davies indicated that the CPE budget request which has been put forward has the performance funding being based only on new money and that is what has been presented to the various and appropriate committees. There is a discussion that started on November 4, 2015, that there will be no new money and the performance funding model should be applied to the existing base. This is not what the CPE has indicated it will recommend and it is very important for this stance to be maintained. Senator Rhoads said it perfectly in that these represent funds that have already been granted to the institution. Dr. Davies favors accountability and agrees that every university should be and is held accountable by the CPE and must submit an annual report based on goals and objectives designed and implemented by the CPE. The University is also held accountable to the standards of multiple outside agencies. The CPE budget included performance funding for new money, special initiatives or "equity funding," *Bucks for Brains* funding and capital expenditures beyond the operating budget. If everything is taken in total, the special initiatives or equity funding is less of a worry than if things start being carved out. If all of a sudden the equity funding is funded and the performance funding is not or becomes part of the base, a situation has been created where there is a very different inequity. Mr. Smith did a wonderful job securing a 45-minute meeting with Representative Graham in which University representatives talked very specifically about all universities being united on the budget

request, as well as the notion of total public funds – state appropriation plus tuition. If everything is kept in total, which will be difficult, the impact is lessened but this is another reason why Murray State needs to be thinking about its tuition and financial models and the institution may be forced to mobilize very quickly. Confirmation was provided that the “carve out” proposal came out of the Senate and there are specific individuals advancing this mantra. Mr. Rhoads indicated that equity funding is a bit of a misnomer because it leads to inequitable results for those on the giving end, rather than the receiving end, because the money has to come from somewhere and it will come from the same pot. It is not anticipated that a lot of new money will be coming into the state under the current political landscape.

Mr. Smith indicated an Institutional Profile report was developed and has been utilized during the current Interim Legislative Session. The document provided valuable information to members of the Senate Appropriations and Revenue Committee, particularly the graph showing Murray State’s enrollment has increased while state appropriations have decreased. The Office of Marketing and Outreach is producing a new piece to be utilized in this current Legislative Session which will better address the performance funding element. Ms. Dudley and her staff are preparing a finance piece which will address total public funds. There is also a capital projects document and, while no new money is anticipated, all want to ensure legislators are aware there are infrastructure needs at Murray State. This represents a great narrative that President Davies has trumpeted very well in Frankfort. The University is not asking for a new building but is simply asking for funding to support the buildings it already has on campus.

Dr. Davies confirmed that from interactions he has had with Republicans and Democrats – both in the House and the Senate, as well as the Executive Branch – it is obvious that the likelihood of additional funds is very, very slim. There is currently a great deal of ambiguity in Frankfort with regard to what the initial budget request will be and there have been rumors of a possible 1.5 percent across-the-board cut with some getting more of a cut than others. The state’s pension situation is looming so while there has even been discussion of a flat budget there has also been discussion about pension contributions from the universities being increased. This will be a very tense Legislative Session and while the stakes are low when talking about increases, they are also very high because cuts and other initiatives are being considered.

Mr. Rhoads indicated it is also very important for Murray State to partner with like-minded institutions to wield as much clout as possible. Dr. Thornton asked how together the universities are in terms of having like-minded thinking about what will be advanced. Dr. Davies indicated that all seven university Presidents, along with the Community College President, agreed to the CPE recommendation although there are elements that he personally agrees with more and others he agrees with less. Murray State, Morehead and Eastern Kentucky are more closely aligned and each of these institutions bring an interesting mix to the discussion.

Dr. Jackson added that the real key is the educational component of total public funds and what that means in terms of the universities staying together in this regard. In an environment of no new money, others may argue for equity funding and this represents the real challenge. A great deal more will be learned from the Governor’s State of the Commonwealth Budget Address on January 26, 2016.

Dr. Davies indicated that students are actively engaged in this process in a coordinated manner with Mr. Smith and that is very important. Dr. Jacobs and the Faculty Senate are also involved in this work through their legislative committee, also in coordination with Mr. Smith. Work is being undertaken by the students and they must be strategic in their efforts. He appreciates the students’ willingness to work strategically with Mr. Smith and the faculty to ensure all are carrying the same message.

This update was submitted for information purposes only and required no Board action.

### **Adjournment**

The Legislative and Economic Development Committee adjourned at 3:18 p.m.

The Board of Regents adjourned for a break beginning at 3:19 p.m. and ending at 3:37 p.m.

## **Marketing and Community Engagement Committee**

**Susan Guess, Chair**  
**Sharon Green**  
**Martin Jacobs**  
**Jerry Sue Thornton**  
**Harry Lee Waterfield II**

Mrs. Guess called the Marketing and Community Engagement Committee to order at 3:37 p.m. and reported all other members were present.

### **Naming Opportunity – *Kate B. Lochte Transmission and Operations Center*, approved**

Dr. Jackson reported that the Committee on Naming of Facilities, Programs and Activities and the President have presented a recommendation to the Board to name an area within WKMS after former Station Manager Kate Lochte who spent 27 years at the University promoting the radio station. For 22 of those years she served as Station Manager, approximately one-half the life of WKMS. Interim Station Manager Chad Lampe and his staff did an amazing job raising \$30,000 for new equipment and other needs at WKMS over the last several months and this represents a way to recognize Mrs. Lochte for her service to the University and the radio station while also creating a wonderful fund for the future of WKMS.

On behalf of the Marketing and Community Engagement Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the current equipment room the *Kate B. Lochte Transmission and Operations Center* – located on the eighth floor of the Price Doyle Fine Arts Building in Room 834 at Murray State University. Dr. Jacobs seconded and the motion carried.

### **Marketing and Community Engagement Committee – Full Board Action**

#### **Naming Opportunity – *Kate B. Lochte Transmission and Operations Center*, approved**

On behalf of the Marketing and Community Engagement Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University and the Committee on Naming of Facilities, Programs and Activities, approve the naming of the current equipment room the *Kate B. Lochte Transmission and Operations Center* – located on the eighth floor of the Price Doyle Fine Arts Building in Room 834 at Murray State University. Mr. Williams seconded and the motion carried unanimously.

Dr. Davies reported that two days ago Dr. Bob Lochte, an outstanding Professor of Journalism and Mass Communication, also announced his retirement at the end of this upcoming academic year after 28 years of teaching service to Murray State. All wish the Lochte's the best in their retirement and appreciate their service as outstanding members of the Murray State community.

### **Marketing and Outreach Update, received**

Mrs. Guess officially welcomed Dr. King to Murray State University and stated it is extraordinary what she has been able to accomplish during a short amount of time, particularly the Holiday Campaign which will be discussed today because it has been in the news ever since it was unveiled.

Dr. King reported the following:

- During her interview for the Vice President for Marketing and Outreach position, one of the number one complaints she heard was that there was no centralized campus calendar and no way to know when events were taking place. As an example, for the President's State-of-the-University Address, there were nine competing events taking place on campus that same day. Beginning January 8, 2016, Marketing and Outreach will roll out a centralized campus calendar and that will fulfill the Strategic Plan initiative of Community Engagement – Objective 3.2. Anyone from the University can post University-sanctioned events on the centralized online calendar. The strategic planning committee for this initiative has developed guidelines and communication plans for rollout on January 8. To date, no technical issues have surfaced with regard to the planned rollout given testing which has taken place this Fall. Key features of the online calendar include that it is searchable by categories,

compatibility with all eCalendars, utilization of Google Maps navigation and the ability to share via social media. The new campus calendar has a mobile-friendly design, allows for online event registration and can include photographs and promotional materials. Events can be added to the calendar through an online submission process and the guidelines allow for anyone with a murraystate.edu email address to submit calendar events – although those are monitored and approved by the Marketing Office. The guidelines state that the Marketing Office will approve or deny a calendar request within 24 hours during a normal business week (48 hours on the weekends). If an event is denied contact will be made with the requesting individual to help them make modifications if possible. Individuals will not be allowed to post personal events on the calendar – only University-sanctioned events as mentioned earlier. Any registered student organization or faculty or staff member can provide information on events to be added to the campus calendar and the Marketing Office will provide promotional support as necessary.

- #RacerHolidays represents an integrated, multimedia campaign developed by Alumni Affairs, Development and Marketing and Outreach to target alumni/donors, legislators, faculty/staff and current and future students. The campaign is designed to instill and celebrate the diversity of the Murray State campus. The website hosts 12 different videos of faculty, staff, alumni and students talking about their favorite holiday traditions and it also includes a social media crowdfunding campaign. This campaign was designed in an effort to boost participation rates and this work has been undertaken in concert with the Development Office. The campaign will run December 7-31, 2015, and a link to the interactive website was provided. There are different online challenges every week with the fundraising campaign as follows:
  - Dunker’s Challenge (students) runs December 7-12 – As of this morning, 72 students have participated and, with the generous match from Dr. Davies, the total raised is \$1,588 which is half-way to the goal.
  - Faculty/Staff Challenge runs December 13-18 – Faculty and staff will receive an email this Sunday asking them to match whatever the students were able to raise this week.
  - Alumni Challenge runs December 19-25 – Alumni will be challenged to match what faculty, staff and students were able to raise.
  - Library/Athletics Challenge runs December 26-31 – This is for Library study spaces and athletic scholarships.
- A change which has been made in regard to donor cultivation involves the Racer Basketball season. Many alumni and supporters are actively involved with Racer Basketball and for this reason receptions in the VIP Suite at the CFSB Center have been reinstated. This effort represents a partnership between the Development Office, Athletics and the various colleges and units. Development will provide the first \$150 toward the cost of the reception and interested colleges or units would contribute the remainder of the reception cost, in addition to providing planning assistance to make their reception a success. Every academic unit took advantage of this offer and there are currently eight receptions planned for the 2015-16 basketball season. The first reception was held last Saturday with the School of Nursing and Health Professions and went extremely well. Development staff learned about two estate gifts the office was not previously aware of and two additional \$5,000 gifts have been received for existing scholarships.
- Efforts are underway in Alumni Affairs to develop a new Strategic Plan for that area to determine where alumni relations need to be five years from now. Currently, a 2015-17 Strategic Plan is being considered with a three-pronged focus: Alumni Association membership, student recruiting assistance and development support in key areas. In undertaking research for this effort, it was discovered there are 68,545 living alumni on record. In addition, the Murray State Alumni Association will celebrate its 90<sup>th</sup> Anniversary on June 1, 2016.
- A review is being undertaken in Kentucky to determine where the University has large masses of alumni within a 50-mile radius of various key cities. That data will then be compared to Alumni Association membership. Confirmation was provided that there is immense potential for growth in Alumni Association membership and an effort will be made to identify low-cost opportunities to attract alumni who are actively engaged and want to participate in campus activities but may not be able to come back to Murray on a regular basis. The office will reach out to these individuals to help them become more involved and utilize them to assist with recruitment and potential Development efforts. Research data showed there are:
  - 28,568 Kentucky alumni households
  - 5,793 (20 percent) alumni households within 25 miles of Murray
  - 2,982 (10 percent) alumni households within 25 miles of Louisville
  - 2,068 (7 percent) alumni households within 25 miles of Owensboro
  - 1,204 (4.2 percent) alumni households within 25 miles of Lexington

This update was submitted for information purposes only and required no Board action.

### **Murray State University Foundation, Inc. Update, received**

Dr. Jackson reported the following:



- The Murray State University Foundation was established in 1946. Dr. Ralph Woods organized a group of alumni and community leaders to establish an independent corporation with a mission to “do and perform all things necessary for the development, growth, expansion, progress, the accomplishment of educational objectives, the development of the physical plant, the improvement of the faculty and aid to the student body and alumni of Murray State University.” This is the same mission as that included in the original Charter.
- The Foundation is a Kentucky, non-profit 501(c)(3) corporation that is separate and not affiliated with the University. This serves as the umbrella organization for accepting and maintaining private support to the University and providing accountability to donors. The Foundation works very closely with the Development Office in this regard.
- The Foundation has the responsibility of public confidence and private trust, including donor confidentiality, prudent management/stewardship and the annual audit (IRS 990).
- The Foundation owns and manages Miller Memorial Golf Course which benefits Racer Athletics, students, faculty, staff, alumni and the region.
- The Murray State Foundation has a 26-member Board of Trustees which includes Dr. Davies as President of the University. Regents Waterfield and Rhoads represent the Board of Regents on the Board of Trustees and Dr. Elizabeth Bailey-Smith and Mr. Shawn Reynolds represent the Board of Governors.
- The Foundation Officers/Executive Committee includes:
  - Jerry T. Shroat – Chair
  - Harold G. Doran, Jr. – Vice Chair
  - C. Steve Story – Treasurer
  - Bob Davies – President
  - George Long
  - Tammie Riggins – Secretary
  - Bob Jackson – President
- Appreciation was expressed to Dr. Tim Miller for his service to the Murray State Foundation for over 20 years.
- Murray State Foundation highlights include:
  - Houses approximately 675 endowment accounts and approximately 2,100 restricted accounts
  - Scholarships, endowed professorships, academic enhancements, athletics (former Racer Foundation), WKMS, etc.
    - Accounts touch every area of Murray State University
    - Pullen Farm, Sorority Suites, Hutson Farm, other real estate
  - Miller Memorial Golf Course is one of the finest courses in this multi-state region and is home to the Racers Golf Team and the Lady Racers Golf Team.
  - Works with donors on estate and planned gifts, including real estate gifts
  - Charitable Trusts, Gift Annuities and other Planned/Estate Gifts
    - Approximately 16 Trusts and Annuities – including a 50 percent interest in an operating farm in Christian County
    - Two new trusts - \$655,000 and \$975,000
  - An unqualified, clean audit from RubinBrown as of June 30, 2015
  - At June 30, 2015, total assets equaled \$110 million (endowments approximately \$70 million)
  - \$25.6 million held and managed for Murray State University/Alumni Association
  - Professional active investment management
    - Capital Guardian, Vanguard and Hilliard Lyons
    - Investment pool returns:
      - FY 2015: 2.7 percent
      - FY 2014: 14.24 percent
      - FY 2013: 13.39 percent
      - 3 Years: 10.11 percent
      - 5 Years: 9.68 percent
      - 10 Years: 6.10 percent
      - Since Inception: 6.96 percent
  - A chart was provided to the Board which illustrated the growth of the assets of the Foundation. Dr. Curriss was President of Murray State in 1980 and at that time started promoting fundraising and development and began pushing the Foundation to encourage its growth at that time.
  - In 2005 the University started the *Hold Thy Banner High: The Campaign for the Students of Murray State University*. Approximately one-half of that campaign was dedicated to student scholarships and during the course of the campaign its impact could be easily seen over the next several years (including the great recession which occurred in the middle of the campaign).
  - As mentioned, one-half of all funds raised during the Capital Campaign were dedicated to Foundation scholarships. These are not institutional scholarships but represent private funds that are scholarship specific for various states, counties or majors. Most everyone around the Board table either has given or continues to give to a scholarship in the Foundation.

- When the Capital Campaign began in 2005 the Foundation was advancing to the University \$819,132 in scholarship funds per year for specific endowments utilizing private funds (1,012 scholarships). Today the figure is approximately \$2.1 million (1,984 scholarships).
- Appreciation was expressed to Ellen Dale who served in the Foundation Office for many years and helped establish that entity, along with Dr. Miller. Ms. Dale is now in the Accounting and Finance Office on campus. Current Foundation staff include:
  - Susie Malloy – Certified Public Accountant, Controller
  - Tammie Riggins – Executive Assistant
  - Mary Stroud – Accounting Specialist
  - Will Snodgrass – Director of Golf (4 full-time, 11 part-time staff)
  - Bob Jackson – President
- The Foundation is located in the Nash House and the phone number is (270) 809-6911.

This update was submitted for information purposes only and required no Board action.

### **Adjournment**

The Marketing and Community Engagement Committee adjourned at 4:02 p.m.

### **Ad Hoc Presidential Compensation Review Committee**

**Harry Lee Waterfield II, Chair**  
**Susan Guess**  
**Daniel Kemp**  
**Stephen Williams**

Chair Waterfield called the Ad Hoc Presidential Compensation Review Committee to order at 4:03 p.m. and reported all other members were present.

### **Contract of Employment Revision, approved**

Chair Waterfield reported that at the June 5, 2015, Quarterly Meeting the Board authorized an Ad Hoc Committee to review presidential compensation and benefits. Regents Guess, Kemp and Williams, along with Chair Waterfield, were asked to serve on this Committee to undertake this work and all diligently researched the topic and provided input. Regent Kemp was particularly involved in this process and reported the following:

- The Ad Hoc Presidential Compensation Review Committee had its first official meeting immediately following the Board Advance in August 2015. Quite a bit of research has been undertaken individually by members since that time. In addition, the Committee has consulted with Vice President Jackie Dudley throughout the process. Materials provided by Ms. Dudley included information about compensation of other university presidents in Kentucky.
- At the June meeting the Board, as an amendment to the University Budget and in recognition of Dr. Davies' outstanding first year as President, authorized the following recommendations:
  - That the budget for next year (2015-16) include a salary increase of 1.25 percent for President Davies – the same as the rate being received by other faculty. In addition, the Chair of the Board will appoint a small ad hoc committee that will conduct an appropriate review over the next several months of compensation and benefits for this position, comparing those to similar positions and bringing any recommendation that group may have back to the Board for consideration at the appropriate time.
  - The Ad Hoc Committee to be appointed will also study the feasibility of providing a deferred compensation plan to the President of the University. Such deferred compensation plans have been provided to previous Presidents, creating a precedent for providing such a plan. The contracts of Presidents of most peer Kentucky universities contain a deferred compensation component.
  - The Board of Regents further amended the presidential compensation review action to include a review of benefits, including a potential deferred compensation plan and other benefits by determining the appropriate group of other universities to utilize for comparison purposes, as well as considering market standards.
- The Ad Hoc Committee discovered that Dr. Davies is the lowest paid public university President in Kentucky in terms of salary and may be the only President who does not currently have an income tax deferred plan. The Committee also considered the fact that former President Dunn had in his employment contract a deferred compensation amount of 10 percent of his salary that was contributed. His contract read, "The Board will contribute to a Murray State-approved tax deferred annuity program as specified by Dr. Dunn, an amount equal to 10 percent of his salary." This

precedent was before the Committee but when Dr. Davies came on board that specific language was not included in his employment contract.

- Chair Waterfield has had conversations with Dr. Davies about his compensation and it is the understanding of the Ad Hoc Committee that he is happy with his current compensation but did mention he would be very appreciative if the Board would see fit to “gross up” the payment for income tax he has to pay on disability and life insurance. If the Board makes this where it is tax neutral for Dr. Davies this would represent an additional \$2,906.89 based on information provided by Ms. Dudley.

On behalf of the Ad Hoc Presidential Compensation Review Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the Ad Hoc Committee on Presidential Compensation, approve an amendment to President Robert O. Davies’ Contract of Employment as follows:

- 1) To provide that the University contribute to a Murray State University approved, tax-deferred annuity program, as specified by Dr. Davies, an amount equal to 10 percent of his salary each year, retroactive to July 1, 2015;
- 2) To increase Dr. Davies salary by an amount which will make the premiums for his disability and life insurance income tax neutral, also retroactive to July 1, 2015. This amount is estimated to be \$2,906.89; and
- 3) That the Chair of the Board of Regents be authorized to prepare and execute, on behalf of the Board of Regents, an amendment to President Davies’ Contract of Employment which incorporates the preceding terms. A copy of the Amendment will be provided to the Board of Regents.

Mr. Williams seconded and indicated this action is absolutely appropriate and, frankly, should be the minimum that the Board approves in terms of keeping President Davies’ employment contract competitive. He fully endorses the recommendation. The motion carried.

### **Adjournment**

The Ad Hoc Presidential Compensation Review Committee adjourned at 4:10 p.m.

### **Ad Hoc Presidential Compensation Review Committee – Full Board Action**

#### **Contract of Employment Revision, approved**

On behalf of the Ad Hoc Presidential Compensation Review Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the Ad Hoc Committee on Presidential Compensation, approve an amendment to President Robert O. Davies’ Contract of Employment as follows:

- 1) To provide that the University contribute to a Murray State University approved, tax-deferred annuity program, as specified by Dr. Davies, an amount equal to 10 percent of his salary each year, retroactive to July 1, 2015;
- 2) To increase Dr. Davies salary by an amount which will make the premiums for his disability and life insurance income tax neutral, also retroactive to July 1, 2015. This amount is estimated to be \$2,906.89; and
- 3) That the Chair of the Board of Regents be authorized to prepare and execute, on behalf of the Board of Regents, an amendment to President Davies’ Contract of Employment which incorporates the preceding terms. A copy of the Amendment will be provided to the Board of Regents.

Dr. Thornton seconded.

Dr. Jacobs indicated this process was really well done and the Board needs to have the same kind of energy for salary compensation related to all employees on the Murray State campus as quickly as possible.

The roll was then called with the following voting: Mr. Combs, yes; Ms. Green, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. The motion carried unanimously.

Dr. Davies thanked the Board for taking this action because he very much appreciates the faith that has been placed in him. He is very happy at Murray State University and expects to be here, hopefully, for a very, very long time. It is not all about compensation and when he is asked about being the lowest paid public university President in the Commonwealth that does not bother him because he is President of the finest institution in the state. He appreciates working with all members of the Board and is very moved by the action taken today. He and his family will be contributing an equal sum to their scholarship to assist students because they all feel so special and tied to this institution.

Dr. Thornton added that this represents a standard provision in most presidential contracts and the Board was remiss that it was not included when Dr. Davies was initially hired. Chair Waterfield agreed and indicated the Board should recognize this oversight and also the good first year Dr. Davies has had as President. The Board will then continue to monitor this benefit as Dr. Davies continues his employment at Murray State and make adjustments when necessary.

### **Policy Changes, approved**

Dr. Davies indicated that the policy changes being recommended today are responsive to changes which have occurred at the federal level with Title IX and a series of other actions.

Mr. Rall reported that the previously-approved Board policies related to the Violence Against Women Act, reporting and resolving matters related to discrimination and student discipline have been revised to account for recent changes in the law and those revisions require Board approval. A request is also being made for the President to be given full authority to amend these policies as necessary in the future. The request does not encompass authority to amend the policies to change who formally adjudicates a complaint, although it would allow for amendments to alter who oversees informal resolutions of complaints. Language allowing for these amendments to be made by the President has been included in the policies. Changes have also been made in the policies to reflect the presence of two new Deputy Title IX Coordinators in the Office of Institutional Diversity, Equity and Access (IDEA) which is now the office to which all matters related to sex discrimination and Title IX, including student matters previously reported to the Office of Student Affairs, are reported. Various other changes have been made in an attempt to offer clarity, enhance reporting options and supply additional direction. No changes have altered who formally adjudicates complaints. Revisions to the *Board of Regents Policy Manual (Section 2.24) – Sexual Violence and Misconduct, Relationship Violence and Stalking* – do reflect changes in the law. They also reflect the new reporting procedure referenced as well as changes in definitions to incorporate the new federal regulations. The *Board of Regents Policy Manual – Section 5.7 – Student Disciplinary Proceedings* – were not amended as broadly as the other policies but there were changes made to reflect the changes in the reporting procedures. The most significant changes occurred in the policies that deal with the IDEA Office – *Personnel Policies and Procedures Manual (Section VI B) – Reporting Allegations of Discrimination and Discrimination Grievance Procedures*. The Statement of Nondiscrimination was expanded and the reporting structure was revised to reflect current policy and the investigation of all matters related to sexual discrimination will begin in the IDEA Office. These changes do recognize that in matters involving claims against students the matter will be decided by the University Judicial Board.

*Board of Regents Policy Manual (Section 2.24) – Sexual Violence and Misconduct, Relationship Violence and Stalking Revision; Board of Regents Policy Manual (Section 5.7) – Disciplinary Proceedings Revision and Personnel Policies and Procedures Manual (Section VI B) – Reporting Allegations of Discrimination and Discrimination Grievance Procedures Revision*

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached policies titled, *Sexual Violence and Misconduct, Relationship Violence and Stalking (Board of Regents Policy Manual Section 2.24)* and *Reporting Allegations of Discrimination and Discrimination Grievance Procedures (Personnel Policies and Procedures Manual Section VI B)* as amended. These policies will be properly disseminated and appear and/or be referenced in University publications including the *Faculty Handbook*, *Personnel Policies and Procedures Manual* and the *Student Handbook*.

In addition, it is recommended that the Board of Regents grant the President full authority to amend these policies as needed with the exception that no such amendments will be made to the

attached policies, without Board approval, as to who formally adjudicates complaints and that *Board of Regents Policy Manual – Section 5.7 – Disciplinary Proceedings* – be amended as per the attached policy.

Ms. Green seconded and the motion carried unanimously.

(See Attachments #21 and #22)

*Personnel Policies and Procedures Manual (Section V K) – Education Tuition Waivers Revision*

Dr. Davies reported the changes being recommended will reflect the recent Supreme Court Ruling. Language in the current University policy is domestic partner and that will now change to spouse.

Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, approve the revisions to the *Education Tuition Waiver Policy (V K)* in the *Personnel Policies and Procedures Manual* as outlined in the attached policy document, effective for 2016 Spring Semester. Mr. Kemp seconded and the motion carried unanimously.

(See Attachment #23)

**Personnel Changes, approved**

Two-Year Faculty Transitional Retirement Contracts

Dr. Davies reported that at the December 2014 meeting the Board approved offering two-year faculty transitional retirement contracts and the four individuals seeking such contracts have all negotiated the concepts with their department Chair, the Dean and the Provost, as required by the guidelines for such contracts. Instead of providing each individual contract, a boiler plate contract that is applicable to all four individuals was provided to the Board. There will be differences in each of these contracts, mainly the salary amount which will be representative of the appropriate percentage of their current full salary.

Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, approve the following Two-Year Faculty Transitional Retirement Contracts with an effective date of July 1, 2016, for the following faculty:

Professor James (Corky) Broughton, Department of Applied Health Sciences  
Professor Raymond Conklin, Department of Music  
Professor John (Jack) Dressler, Department of Music  
Professor Terry McCreary, Department of Chemistry

Dr. Thornton seconded and the roll was called with the following voting: Mr. Combs, yes; Ms. Green, yes; Mrs. Guess, yes; Dr. Jacobs, yes; Mr. Kemp, yes; Mr. Rhoads, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Williams, yes; and Mr. Waterfield, yes. The motion carried unanimously.

Dr. Jacobs indicated that the appropriate percentage of salary is set according to whether the faculty member is seeking a one or two-year early retirement contract but the issue of accrued sick leave credit was no longer available as of December. In response to whether continuing offering credit for sick leave is still being considered, Dr. Davies responded that most likely that concept would not be renewed but this is an ongoing discussion point with the Provost.

Staff Leaves of Absence Without Pay

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Staff Leaves of Absence Without Pay that have been processed as of November 6, 2015, as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Meagan Blagg	University Libraries	9/9/2015-9/9/2015
		9/14/2015-9/14/2015

		9/16/2015-9/16/2015
William Brien	Facilities Management	6/4/2015-8/31/2015
Calyn Colston	Animal and Equine Science	10/21/2015-11/16/2015
Sharon Crouch	Institute for Engineering Technology	7/27/2015-8/4/2015
Amy Crump	Dining Services	9/3/2015-9/25/2015
Christina Grant	Early Childhood and Elementary Ed	10/8/2015-10/30/2015
Sarah Halcomb	Human Resources	8/25/2015-9/18/2015
Taylor Hale	Facilities Management	7/27/2015-7/31/2015
LaDonna Hamontree	University Libraries	10/9/2015-10/22/2015
Laura Jasmon	Dining Services	8/8/2015-8/17/2015
Amanda Rice	Bursars Office	10/9/2015-11/9/2015
Lori Roe	Institutional Effectiveness	9/28/2015-10/9/2015*
Haley Stedelin	Human Resources	8/28/2015-9/28/2015
		9/29/2015-10/26/2015*
Andy Stone	Facilities Management	7/30/2015-8/5/2015
		9/3/2015-9/16/2015

\*Intermittent Leave

Mrs. Guess seconded and the motion carried unanimously.

### **University Appeals Board Appointments, approved**

Dr. Davies reported that the University Appeals Board is the body that will hear appeals through the adjudication process. As per Board policy, this body must approve appointments of all faculty, staff and students to the University Appeals Board.

Mr. Combs moved that the Board of Regents, upon the recommendation of the President of the University, appoint the following faculty and students to the University Appeals Board for the terms indicated.

#### **Faculty: Three-year term (2016-19)**

Ali Hendley, Assistant Professor, Department of Political Science and Sociology  
*College of Humanities and Fine Arts*

Craig Collins, Assistant Professor, Department of Mathematics and Statistics  
*Jesse D. Jones College of Science and Engineering Technology*

Steve Still, Assistant Professor, Department of Animal Equine Science  
*Hutson School of Agriculture*

#### **Students: One-year term (2015-16)**

Mary Leslie Hundley, Paula Jaco and Michael Mann

Mr. Kemp seconded and the motion carried unanimously.

### **2015-16 National Collegiate Athletic Association/Ohio Valley Conference Governing Board Certification, adopted**

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, adopt the attached NCAA/Ohio Valley Conference Governing Board Certification Form for athletics for academic year 2015-16. Mrs. Guess seconded and the motion carried unanimously.

(See Attachment #24)

### **Update on 16<sup>th</sup> Street, received**

In response to a request for an update on 16<sup>th</sup> Street, Dr. Davies reported that three proposals had been advanced by the City of Murray and, for multiple reasons from the University's perspective, he did not support those recommendations. Murray State students also did not support those recommendations. The options included building a bridge across 16<sup>th</sup> Street, a tight wraparound behind the Science Complex and a wraparound that was quite a bit wider out.

All three proposals presented significant issues ranging between cost, safety, land acquisitions and time. There was a public favorite but that was because it represented the only option they could even relatively accept.

Mayor Jack Rose did an amazing job of calling “time out” and held a meeting of the Transportation and Safety Committee and invited University representatives, including himself as President, to attend. BFW undertook additional work to determine whether there were other possible models that would be more cost effective and feasible. Three additional options resulted from this work. The first option was to close a portion of 16<sup>th</sup> Street from the Nash House to the College of Education and Human Services building and reroute traffic to 17<sup>th</sup> Street. The second option was to close 16<sup>th</sup> Street at this same marker and reroute traffic to 18<sup>th</sup> Street. The third option was to keep 16<sup>th</sup> Street open but widen it to where the sidewalks are now and utilize a boulevard concept similar to one in Louisville. This option would involve installing lights which would be triggered by pedestrians at certain crossings along 16<sup>th</sup> Street to stop traffic at the Nash House and at the College of Education and Human Services building and allow pedestrians to cross safely. This last option would entail less crossings on 16<sup>th</sup> Street. There are currently seven pedestrian crossings on 16<sup>th</sup> Street – which is a point of contention for some City Council members because they think it is too many – and they line up with where streets currently are or where they used to be. Monday through Friday from 9 a.m. to 4 p.m. pedestrians would trigger those crossings and, along with the boulevard look, this would help to slow traffic down. This does represent a viable option.

Modeling is currently being undertaken to determine what would happen if 16<sup>th</sup> Street is closed where mentioned, bolstering up 18<sup>th</sup> Street (including installing lights and straightening out the roadway) and what the traffic flow would look like utilizing this option. Similar modeling is not being undertaken for 17<sup>th</sup> Street and while this is technically an option the street is so narrow and houses sit right on the roadway it is not a particularly viable option. It is hoped the findings of these two elements can be presented to the City Council in February so any viable project can move forward. Dr. Davies confirmed he has indicated to the Council, from a University safety and cost perspective, that 16<sup>th</sup> Street represents a significant risk for the institution and totally closing 16<sup>th</sup> Street and utilizing 18<sup>th</sup> Street would be the best option. This is solely the University’s perspective in terms of safety for faculty, staff, students and visitors to campus and he has been careful to make sure that is understood. Other perspectives also need to be considered. The boulevard concept is one which he is willing to consider because he thinks it has merit. On the surface this option would do some good things to address 16<sup>th</sup> Street issues. However, there is a Tobacco Free Policy for campus and, as an unintended consequence, this option would have individuals using the boulevard medians to get around the Tobacco Free Policy because those medians would not be controlled by the University. He has enjoyed working with the Mayor and City Council to address the issue but there is no easy solution.

Mr. Williams indicated many have been reminded this week how fortunate all are to have a values-driven Board and management team that has demonstrated commitment to a culture of transparency, compliance and integrity in all the dealings of the University, including its officers and representatives. The Board needs to recognize that creating and maintaining this kind of culture and environment is the responsibility of leadership at the governance level and at the top management level of the University. This should be recognized, appreciated and not taken for granted. He thanked Chair Waterfield and President Davies for their leadership in this regard. All around this table are very fortunate to have these individuals and their commitment to running this institution in the appropriate ways. Chair Waterfield expressed total agreement and, as he said earlier today, this Board and how it works together sets a good example for others. The self-assessment instrument being developed will help this be the case on an ongoing basis. The Board received many reports today and took action on many items – all of which are very important to this institution – and the administration was commended for an excellent job keeping the Board apprised. Appreciation was expressed to all for their work.

### **Supplemental Materials**

Board members were reminded that the following supplemental materials were provided in the eBoard book:

- 1) *News Beyond Campus*
- 2) Campus Major Projects Update – Quarterly Status Report

3) Sponsored Programs – Grants and Contracts Report

These reports were provided for informational purposes only and required no action.

**Other Business**

It was determined that there was no further business to come before the Board of Regents.

**Adjournment**

There being no further business to come before the Board, Mrs. Guess moved that the Quarterly Board of Regents Meeting and Committee Meetings adjourn. Mr. Schooley seconded and the motion carried unanimously. Adjournment was at 4:35 p.m.

Chair

A handwritten signature in black ink, appearing to be "Mrs. Guess", written over a horizontal line.

Secretary

A handwritten signature in blue ink, appearing to be "Jiri Hunt", written over a horizontal line.

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